

CITY OF INDIANAPOLIS DEPARTMENT OF METROPOLITAN DEVELOPMENT

# HOME Program Policies & Procedures Manual

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Department of Metropolitan Development

**Indianapolis**

*Gregory A. Ballard, Mayor*

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## **INTRODUCTION**

The City of Indianapolis' Department of Metropolitan Development (DMD) administers a number of federal grant programs through a division within DMD known as the Division of Community Economic Development (CED). In order to carry out its administrative responsibilities, CED has established interdisciplinary teams to manage the oversight, financial administration and monitoring of each grant. These grant management teams have designed local Federal Grants Management Policies, applicable to any organization that receives City-grant funds.

## **PROGRAM DESCRIPTION**

### HOME Investment Partnership Program (HOME)

A HUD grant which allows communities to fund activities that construct or rehabilitate affordable housing for rent or homeownership, provide tenant-based rental assistance, or provide direct homeownership assistance to households earning less than 80% of the area's median family income. The primary objectives of the HOME program are to provide decent affordable housing to low-income households, expand the capacity of non-profit housing providers, and strengthen the ability of the local government to provide housing and leverage private-sector participation.

HUD published a Final Rule in the *Federal Register* on July 24, 2013 to amend the HOME Investment Partnerships (HOME) Program regulations. These amendments to the HOME regulations represent the most significant changes to the HOME Program in 17 years.

[HOME FINAL RULE \(2013\)](#)

## DEFINITIONS

### Affordability Period

Compliance period for all projects receiving HOME funds, depending on the amount of HOME funds invested in each unit and the type of activities performed using HOME funds.

### Affordable Housing

Generally defined as housing for which the occupant is paying no more than 30% of his or her gross monthly income for housing costs, including utilities.

### Change Order

A Change Order must be executed for any deviation, addition, or deletion made to the approved scope of work, design specifications, project timeline, or project budget **after** construction starts.

### Claim

A reimbursement request for expenses incurred and paid by an award recipient.

Commitment: If the project consists of rehabilitation or new construction, the PJ and project owner have executed a written legally binding agreement under which HOME assistance will be provided to the owner for an identifiable project for which all necessary financing has been secured, a budget and schedule have been established, underwriting has been completed and under which construction is scheduled to start within twelve months of the agreement date.

### Community Economic Development (CED)

A division of the Department of Metropolitan Development of the City of Indianapolis responsible for administering federal grants, economic development, real estate, and housing initiatives.

### Community Development Corporation (CDC)

Private, non-profit, corporation established to serve a specific geographic area.

### Community Housing Development Organization (CHDO)

A federally-defined type of private non-profit grassroots organization serving as either an owner, developer, and/or sponsor of affordable housing projects.

### CHDO Proceeds

Proceeds generated and retained by a CHDO through development of HOME funded activities.

### Department of Metropolitan Development (DMD)

A Department of the City of Indianapolis-Marion County responsible for the oversight of housing and community development funds, permits, code enforcement, planning, historic preservation, zoning, and economic development.

### Developer Fee

Optional portion of the total grant award that the developer may claim once the development construction is completed.

#### E-Verify

Title IV, Subtitle A, of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, requiring employers to verify and confirm the accuracy of Social Security numbers provided by all employees.

#### Fair Market Rents (FMR)

Guidelines published annually by HUD that estimate the rents and utility costs that would be required to rent privately-owned, decent, safe and sanitary rental housing of a modest nature with suitable amenities.

#### Fair Return to Seller

Original homebuyers cash investment at closing plus 80% of documented capital improvements and calculated appreciation of property.

#### Grant Analyst

Member of the City's grants management teams (within CED) responsible for financial oversight of a grant program.

#### Grant Coordinator

Member of the grants management team (within CED) responsible for project coordination and monitoring.

#### Grant Manager

Member of the City's grants management team (within CED) responsible for grant administration, including funding recommendations, regulatory compliance and project coordination.

#### HOME Property Standards

HOME Property Standards are the housing quality standards used to determine whether a housing unit is decent, safe, and sanitary when HOME funds are utilized for projects.

#### Household

All persons, whether related or unrelated, living in a housing unit.

#### Low-Income Housing Tax Credits/Rental Housing Tax Credits

The Indiana Housing and Community Development Authority (IHCDA), a quasi-autonomous statewide government agency, administers the Rental Housing Tax Credit (RHTC) program. RHTCs are federal tax credits that IHCDA allocates to developers of affordable rental housing. By reducing a developer's federal tax liability or selling of tax credits to investors, tax credits can contribute significantly to the financial viability of developing affordable rental units.

#### Median Family Income (MFI)

The level at which 50% of households have a higher income and 50% of households have a lower income, with adjustments made for household size. Program eligibility is often relative to a client's percentage of the MFI.

### Participating Jurisdiction

The term given to any State or local government that HUD has designated to administer an Entitlement Program. HUD designation as a PJ occurs if a State or local government meets the funding thresholds, notifies HUD that it intends to participate in the program, and obtains approval by HUD of a Consolidated Plan.

### Performance-Based Outcomes

Goals that measure the impact of the program on the client served. Performance-based outcomes must be specific, measurable, achievable, realistic and time-bound.

### Program Income

Income generated from the use of grant funds. This includes but is not limited to income above project expenditures and any recapturing funds. All Program Income must be reported, and in some cases, repaid to the City annually.

### Project-Based Rental Assistance

HUD rental subsidy assistance provided to a specific housing unit aimed at providing decent, safe and sanitary housing opportunities for low-income individuals

### Project Sponsor

Defined as a recipient of Federal grant funds from the City of Indianapolis.

### Pro-Forma

Budgetary planning workbook that is required to be submitted to HOME grant staff before receiving a written agreement.

### Rehabilitation and Construction Approval Form (RCA)

Document issued by City staff that allows developer to commit funds, bid specs, and begin construction.

### Request for Proposals (RFP)

A solicitation of project proposals to meet a particular need. Annually, the City issues an RFP to identify projects that could receive housing and community development funding.

### Sub-recipient

Defined as a public agency or nonprofit organization selected by the participating jurisdiction to administer all or a portion of the PJ's HOME program. Local government members of consortia that receive consortium funds and urban county members are also considered subrecipients.

### Tenant-Based Rental Assistance

HOME program rental assistance provided to low-income families to obtain decent, safe, and sanitary housing in private accommodations that makes up the difference between what they can afford to pay and the approved rent for an adequate housing unit.

### United States Department of Housing and Urban Development (HUD)

The Federal Department responsible for the implementation and administration of programs designed to provide assistance for housing and urban development, housing production and mortgage credit programs.



HOME Flow Chart  
Program at a glance for construction activities



## ELIGIBLE ACTIVITIES

The following are a list of eligible activities under the HOME Investment Partnership Program Grant:

- New Construction
- Reconstruction
- Rehabilitation
- Real Property Acquisition
- Site Improvements
- Demolition
- Relocation

Acquisition of vacant land or demolition must be undertaken only with respect to a particular housing project intended to provide affordable housing within the time frames under the definition commitment.

## PRE-CONTRACT REQUIREMENTS

***Prior to contract execution, Project Sponsors must submit a Federal Identification Number, proof of Insurance, Federal Single Audit Certification, and completed HOME Pro-Forma and proof of E-Verify enrollment and signed affidavit in order for a Purchase Order to be created by the City's Division of Purchasing.***

### Employer Identification Number

- A. If a Project Sponsor has not already been issued an employer identification number, one must be obtained from the Internal Revenue Service.
- B. Those sole proprietors/consultants who do not have an employer identification number may, with City approval, be allowed to use their social security number for identification.
- C. To be entered as a vendor in the City's accounting system, the Project Sponsor must complete a W-9 and vendor registration form and submit them to the Purchasing Department.

### Federal Grants Single Audit Certification

Circular A-133 requires the Department of Metropolitan Development to monitor Sub-grantees of federal awards, and determine whether they have met the audit requirements of the circular and whether they are in compliance with federal laws and regulations. Any subrecipient expending \$500,000 or more in Federal awards during the subrecipient's fiscal year must meet the audit requirements of OMB Circular A-133.

Audits are required to be completed within nine (9) months of the end of the subrecipient's audit period. Project Sponsors will be required to complete and return the Federal Grants Single Audit Certification worksheet before a purchase order will be issued.

If there are findings through the audit, the subrecipient must determine what corrective actions are necessary to resolve findings. The City will issue management decisions on audit finds within six (6) months after receipt of the subrecipient audit report.

### **Proof of Insurance**

Project Sponsors will be required to submit proof that their organization's insurance policy is in compliance with its City contract, and the City must be listed as an additional insured on the policy. Each project sponsor must also have workers' compensation.

### **Davis-Bacon Compliance**

All Project Sponsors receiving federal grants must complete a *Davis-Bacon Applicability Review form*. This form must be submitted to the Davis-Bacon Compliance Monitor for review, prior to issuance of contract.

### **HOME Pro-Forma**

Project Sponsors will be required to complete and submit an activity specific HOME Pro-Forma for each anticipated purchase order. The Pro-Forma will be used as planning and tracking tool by both city staff and the project sponsor. The HOME Pro-Forma will also be used as a tool for justifying the project sponsors request for funding and the decision for funding the project to HUD.

### **E-Verify**

Title IV, Subtitle A, of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, requiring employers to verify and confirm the accuracy of Social Security numbers provided by all employees. All Contractors working on a federally funded developments will be required to enroll and verify all subs and the subs employees as well. E-Verify documentation should be maintained in the developers project file. All project files are subject to annual monitoring by city staff to verify compliance with federal programs.

<https://e-verify.uscis.gov/enroll/StartPage.aspx?JS=YES>

### **Pre-Construction Meeting**

Project Sponsors undertaking HOME developments are required to request and attend a pre-construction meeting with the HOME Grant Manager and relevant city staff to discuss matters of compliance with local and federal regulation regarding the proposed development. Project Sponsors that proceed with development without scheduling and attending their pre-construction meeting may have their HOME award revoked.

## Project Sponsor Contact Information

*DMD relies on performance-based contracts. During the contract negotiation process, all Project Sponsors must submit project-based outcomes, timelines, and budget, to give DMD staff a mechanism to monitor the organization's progress based on its projected results. The outcomes, timelines, and, budget will be the standard by which the city will monitor performance. Any changes to these standards during the course of the contract period must attain prior approval from City staff. This includes the reallocation of unused funds towards the end of the contract period.*

## PRE-CONTRACT REQUIREMENTS (continued)

*In general, award notification letters will include a request for the submission of timelines, outcomes and benchmarks for those activities that will be funded and carried out specifically with City-grant funds. Contracts cannot be drafted until the necessary information is received.*

- A. For HOME funded projects, submitted timelines should outline all of the activities that an organization anticipates undertaking with City grant funds on a month by month basis for the entire contract period. For HOME funded construction projects, the developer must submit a completed HOME Pro-Forma Workbook before a written agreement and purchase order will be issued.
- B. All Project Sponsors must submit performance-based outcomes. Upon city approval, performance-based outcomes will be included in grant contracts.
- C. The Grant Manager will consult with the Project Sponsor to determine if the timeline should be amended or if an alternate course of action should be taken to correct the situation. All requests for amendment to contracts must be submitted to the HOME Grant Manager for approval no later than **October 1<sup>st</sup>** of the year the contract is due to expire.

## Compliance Training

*Prior to contract execution, two representatives of each Project Sponsor must attend the appropriate training session sponsored by the City, to ensure Project Sponsor familiarity with the rules and regulations of grant programs.*

- A. Once award notification has been given, grant management and compliance personnel will hold training sessions to provide background information for each grant and to answer any questions about the grant programs. The employees who will be managing the contract must attend.
- B. Training sessions will provide an overview of all HUD and City requirements for each grant program. All forms and documentation that will be required for claiming funds and reporting activities will be discussed during these sessions.
- C. For Project Sponsors participating in the HOME program, upon request, staff will travel to the offices of the project sponsor to present contracts, detail necessary information, and distribute new documents.

## FEDERAL LABOR STANDARDS (DAVIS-BACON)

*All projects receiving federal funds will be reviewed to determine applicability of the Davis-Bacon Act (29 CFR 1, 3, 5, 6, 7) and other related Davis-Bacon regulations.*

<http://www.dol.gov/whd/programs/dbra/>

- A. All projects receiving federal funds must complete a [Davis-Bacon Applicability Review Form](#). This form must be submitted to the [Federal Grants Compliance Monitor](#) for review.
- B. The Davis-Bacon Compliance Monitor will notify each Project Sponsor in writing as to the applicability of Davis-Bacon requirements on their project.
- C. Where Davis-Bacon is applicable:
  - 1. The applicable Wage Decision and *HUD Form 4010* (Federal Labor Standards Provisions) must be incorporated and physically attached to all construction contracts and bid packets.
  - 2. Pre-Construction training is recommended in order to review Davis-Bacon requirements and regulations. Project Sponsors and contractors will receive a copy of the Davis-Bacon Requirements information booklet.
  - 3. Project Sponsors are responsible for completing and submitting: (a) Project Sponsor Agreement and (b) Davis-Bacon Project Checklist
  - 4. All contractors and subcontractors performing work on a Davis-Bacon project must complete and submit (a) Contractor Agreement and (b) Wage and Fringe Benefit Certification form.
  - 5. The Davis-Bacon Compliance Monitor will conduct monthly on-site monitoring visits per project. These monitoring visits may consist of employee interviews.
  - 6. A [Davis-Bacon Payment Request Form](#) signed by the Davis-Bacon Compliance Monitor must accompany **all reimbursement claims**. Claims submitted for projects not in compliance with the Davis Bacon requirements will not be approved for payment.

## SECTION 3 REQUIREMENTS

*All Project Sponsors receiving federal funds for construction related projects such as, but not limited to; housing rehabilitation, new construction, and public facility improvements must complete the [Section 3 Project Sponsor Form](#). This form must be submitted to the [Federal Grants Compliance Monitor](#) for review. This will be used to determine Section 3 applicability and collect necessary information in regards to Section 3 reporting requirements.*

When a Project Sponsor receives an award for non-construction activities at any dollar amount or for construction activities for less than \$200,000, Section 3 will not apply to the City or the Project Sponsor.

When a project sponsor receives an award for construction activities totaling \$200,000 or more, Section 3 will apply to the City and the Project Sponsor.

When a project sponsor receives an award for construction activities totaling \$200,000 or more **and** the project involves contracts and subcontracts that exceed \$100,000, Section 3 will apply to the City, the Project Sponsor, contractors and subcontractors.

### A. Implementation

1. All contract and subcontract agreements related to the project must include the following language:

#### Section 3

- a. The work to be performed under this contract is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (“Section 3”). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
- b. The parties to this contract agree to comply with HUD’s regulations in 24 CFR part 135, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.
- c. The contractor agrees to send to each labor organization or representative or workers with which the contractor has a collective bargaining agreement or other standing, if any, a notice advising the labor organization or workers’ representative of the contractor’s commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; the name and location of the person(s) taking applications for each of the positions, and the anticipated date the work shall begin.

- d. The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge the subcontractor has been found in violation of regulations in 24 CFR part 135.
- e. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed were not filled to circumvent the contractor's obligations under 24 CFR part 135.
- f. Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.
- g. With respect to work performed in connection with Section 3 covered Indian housing assistance, Section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) ("Section 7(b)") also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (1) preference and opportunities for training and employment shall be given to Indians, and (2) preference in the award of contracts and subcontractors shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract are subject to the provisions of Section 3 and Section 7(b) agrees to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with Section 7(b).

## 2. Hiring Section 3 Residents

- a. Any employment resulting from Section 3 eligible projects, including administration, management, clerical support, and construction, is subject to compliance with Section

### Examples of Opportunities Include:

- |                        |                       |
|------------------------|-----------------------|
| • Accounting           | • Heating             |
| • Architecture         | • Iron Works          |
| • Appliance repair     | • Janitorial          |
| • Bookkeeping          | • Landscaping         |
| • Bricklaying          | • Machine Operation   |
| • Carpentry            | • Manufacturing       |
| • Carpet Installation  | • Marketing           |
| • Catering             | • Painting            |
| • Cement/Masonry       | • Payroll Photography |
| • Computer Information | • Plastering          |
| • Demolition           | • Plumbing            |
| • Drywall              | • Printing Purchasing |
| • Electrical           | • Research            |



- Elevator Construction
- Engineering
- Fencing
- Florists
- Surveying
- Tile Setting
- Transportation
- Word Processing

- b. All job openings resulting from Section 3 eligible projects must be posted in the Project Sponsor's office in a place that is visible to the public. In addition, all job openings shall be posted with the neighborhood community center that provides services within the project area and the Indianapolis Housing Agency.

Signs must be posted in a visible location at each Section 3 job site notifying the public of where they can go to inquire about possible employment and job training opportunities.

### 3. Contracting with Section 3 Businesses

- a. The City will provide Project Sponsors with Section 3 Certification forms. These forms are to be copied and given to each contractor and subcontractor working on a Section 3 project.
- b. The Project Sponsor will submit the completed Section 3 Certifications to the City.
- c. The City will maintain a database that includes all Section 3 certified businesses.

### B. Goals

The following goals shall to the greatest extent feasible be obtained when Section 3 is applicable:

#### Employment Opportunities:

Where Section 3 is applicable, recipients, Project Sponsors, their contractors and subcontractors shall commit to employ Section 3 residents as 30 percent of the aggregate number of new hires for each year over the duration of the Section 3 project.

#### Contract Opportunities:

Where Section 3 is applicable, recipients/Project Sponsors shall commit to award to Section 3 businesses at least 10 percent of the total dollar amount of all Section 3 covered construction contracts and at least 3 percent of the total dollar amount of all other Section 3 covered contracts (other includes architectural, engineering, etc.)

### C. Reports

All Project Sponsors receiving federal funds for construction related activities are required to complete quarterly reports on the City's On-line Quarterly Report system. This report tracks all contractor/subcontractor activities, including Section 3 contractors.

Projects Sponsors are required to submit the Section 3 Project Sponsor Report and the Section 3 Contractor Report with their final claim. Final payment will be withheld until these reports have been completed and submitted to the City.

#### D. Compliance

Project Sponsors that do not meet numerical goals identified in section III of this policy shall demonstrate why it was not feasible to meet the numerical goals and explain the efforts undertaken to comply with Section 3.

## ENVIRONMENTAL REVIEWS

***Before work specifications will be approved or funds disbursed, an environmental review must be performed on all properties receiving federal funds.***

***<https://www.onecpd.info/environmental-review/>***

- A. The City will instigate the Environmental Release of Funds. This process may take up to 60 days to complete.
- B. The Project Sponsor must submit an [Environmental Review Request Form](#) for each property/lot intended for construction/rehabilitation activities to both the [HOME Program Coordinator](#) and the [Section 106 Manager](#) to start the historic review. A recent picture must be attached to the form
- C. Once the 106 review is completed, the Project Sponsor must send the following to the [Environmental Review Officer](#) :
  - ERR Form
  - Historic Review Documentation
  - FEMA Map
  - Wetlands Map

The entire environmental review process can take up to five weeks to complete depending on the type and scale of the activity.

For new construction projects, the Project Sponsor must submit a brief description of the project, such as funding, number of units, whether it is single/multi, etc.

For projects that are rehabilitating existing buildings for special needs (shelters, transitional housing, etc.), the Project Sponsor must submit a brief description of the project, list the exact intended use(s) of the site and how the federal grant money will be used.

- D. The City will perform the environmental review, consisting of the following elements:
  - 1. Historic and Archeological Review

- a. The Environmental Review Officer will forward photographs and addresses to the Indianapolis Historic Preservation Commission (IHPC).
- b. IHPC will perform an initial 106 Review. If the property is historic, the Environmental Review Officer will notify the Project Sponsor that he/she needs to contact the IHPC office.
- c. If the property is historic, the Project Sponsor must submit work specifications and pictures of work areas to IHPC.
- d. IHPC will perform a detailed 106 Assessment to ensure that all anticipated construction/rehabilitation is compliant with the Secretary of the Interior's Standards for Rehabilitation set forth by the Department of Natural Resources.
- e. If the detailed 106 Assessment reveals areas of non-compliance, IHPC will advise the Project Sponsor on acceptable activities to bring the project into compliance.
- f. For new construction projects IHPC will need to seek comment from the State Historic Preservation Office (SHPO) regarding archeological potential of the site. This second tier review is likely to add two to three weeks to the expected completion of the environmental review process.

## 2. Flood Plain Review

The Program Coordinator will determine if the property is located in a 100-year floodzone or 100-year floodway. Generally, the City does not invest any federal funds into properties located in a 100-year floodzone or 100-year floodway but can do so under certain circumstances.

## 3. Zoning Review

- a. The Environmental Review Officer will verify that all work is compatible with zoning.
- b. The Environmental Review Officer will notify the Project Sponsor of any findings.

## 4. Noise Abatement, Hazardous Operations, Airport Hazards, Protection of Wetlands, Toxic Chemicals & Radioactive Materials, and Other 50.4 Authorities

- a. Environmental Review Officer will verify that all work is in compliance.
- b. Environmental Review Officer will notify the Project Sponsor of any findings.

## 5. For all projects property taxes must be paid in full.

- E. Once all necessary information has been gathered and all outstanding issues surrounding the Environmental Review have been resolved, the Project Coordinator will sign a *Rehabilitation/Construction Approval* (RCA) form, indicating that the Environmental Review is complete. This form will be forwarded to the Project Sponsor.
- F. Approved Environmental Reviews will remain current unless there is a significant change to the property or scope of work. If there is a change, the project sponsor should contact the

Environmental Review Officer to determine if an updated environmental review will be required.

- G. **No work can commence on a project until both the Environmental Release of Funds and the RCA have been completed and issued.**

## WORK SPECIFICATIONS

*On all HOME construction projects a Rehabilitation Specialist must review and approve all work specifications before work may begin. On all rehabilitation projects the project sponsor must schedule and conduct an on-site walkthrough with the Rehabilitation Specialist before bid specs will be approved*

**All soft costs must be solicited either by an RFQ/RFP or a cost reasonableness process (i.e. bidding/quoting) and the Rehabilitation Specialist must review and approve costs before work may begin.**

- A. Project Sponsors must submit work specifications/estimates, attached to the *RCA form*, detailing the scope of work to be completed using the following guidelines:
1. The specifications may be prepared using any industry accepted automated specification writing system in a commonly accepted format, e.g.; room by room, by construction trade, etc.
  2. Specifications must be clearly written and prepared with sufficient detail to direct a contractor.
  3. Specifications must use commonly accepted dimensions (i.e. square feet, linear feet, each, lump sum, etc.).
  4. Specifications must include a construction budget (estimate) on a line-item basis.
- B. After specifications/estimates are prepared, the Project Sponsor must forward the *RCA* and the specifications/estimates to a City Rehabilitation Specialist for review and approval to ensure cost reasonableness on all HOME projects.
1. For projects funded with HOME dollars, the Rehabilitation Specialist will approve specifications/estimates on the basis that the repairs will bring the entire property be into compliance with HOME Rehab Standards, Housing Quality Standards, the applicable Indiana Residential Code and Indiana Building Code.
  2. On all rehabilitation projects the project sponsor must schedule an on-site property visit to review specifications to certify that specifications are written to ensure compliance with the Indiana Residential Code and Indiana Building Code. In addition,

Rehabilitation Specialist will take pictures of all work areas and include them in the property file.

3. The Rehabilitation Specialist may offer non-binding recommendations on the appearance of existing conditions that are not code-compliance issues.
4. The Rehabilitation Specialist is not responsible for determining which construction method is to be used for a particular activity. To the extent that the specifications call for acceptable construction methods, practices, and residential design, the exact construction solutions are the responsibility of the Project Sponsor.
5. Within five business days of receiving the construction budget (estimate) and specifications, the Rehabilitation Specialist will either approve them or request modifications and/or addenda.
  - a. If modifications and/or addenda are requested, the City Rehabilitation Specialist will contact the Project Sponsor.
  - b. Any modifications and/or addenda to the specifications occurring after initial approval must be approved in writing by the Rehabilitation Specialist prior to undertaking the changes.
6. Upon approval of the specifications/estimate, the Rehabilitation Specialist will sign and date the RCA form and return it to the Project Sponsor for the organization's records. Specifications will then be considered final and ready for bid solicitation.

#### C. Federal Funds used for Soft Costs

1. Project Sponsor is required to be in compliance with the applicable Indiana Residential Code, Indiana Building Code, local codes, standards and ordinances, the manufacturers' specifications and industry standards and all contractual obligations including the approved work specifications, plans, drawings, project manuals, construction budget, and workmanship practices.

## BIDDING PROCEDURES

*Project Sponsors must comply with procurement standards to ensure that supplies, construction and other services acquired in whole or in part with federal funds are obtained in a manner that fosters open and free competition.*

- A. Project Sponsors must solicit goods and services based on a clear and accurate description of the material, product or service to be procured and cannot contain features which unduly restrict competition, such as:
- unreasonable qualifying requirements;
  - unnecessary experience or excessive bonding requirements;
  - specifying only brand name products, instead of allowing an “equal to” product;
  - non-competitive pricing practices between firms or affiliated companies; or
  - non-competitive awards to consultants on retainer contracts.
- B. Project Sponsors must solicit bids from an adequate number of qualified sources. All projects expected to exceed **\$2,000** must have a minimum of **two bids**.
- Notices or Instructions to bidders must include an open and close date. If an extension is needed, the proper notification must be submitted to all prospective bidders to ensure fair and open competition. Rehabilitation Specialist will ensure compliance. No bids will be accepted after the close date.
  - All prospective bidders must receive the same Notice/Instruction to bidders.
  - Questions must be answered in the form of an addenda to all prospective bidders.
  - No negotiating may take place during or after bidding. You may accept alternate bids. Any changes will be in the form of a change order and must be approved by the Rehabilitation Specialist prior to contract/change order signing.
  - All bids must be based on approved specifications, in writing and signed by the contractor. If an adequate number of bids are not received, Project Sponsors must document the efforts made to ensure an open competition (such as a public notice requesting bids). City staff may request solicitation of a third bid at its discretion.
  - If bids are expected to exceed **\$100,000** in Federal Grant Funds, the Project Sponsor must publish a public notice requesting bids in a local newspaper, specifying where bid packages may be obtained and a due date for bid submission.
  - All bids received by the project sponsor shall be organized, collated, and reviewed for accuracy and thoroughness.
- C. If a project is expected to be less than **\$2,000**. The Project Sponsor must still comply with all applicable policies, such as the environmental review, specifications, estimates and approvals even though only **one bid** is required.

D. The Project Sponsor must ensure that the award is:

1. Made to contractors, with the most lowest and/or responsible bid and able to perform successfully under the terms and conditions of the proposed contracts;
2. Made to contractors who are licensed, bonded and insured as required by the City of Indianapolis' Department of Code Enforcement.
3. Not made to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in federal assistance programs;
4. Not made to any contractor or persons that participated in the development or drafting of specifications, requirements, statements of work, invitations for bids and/or other requests for proposals.
5. Not made to a construction manager, who does self-performing work.
6. Not made to any contractor or any person that is a member of the project sponsor's board of directors.

E. No modifications and/or addenda can be made to a bid without prior approval of the City Rehabilitation Specialist.

F. If a pre-qualified list of contractors is used, it must be developed through an open solicitation that allows entry of other firms at any time during the solicitation period. They must also include an adequate number of qualified sources.

G. Minority Business Enterprises (MBEs) and Women Business Enterprises (WBEs) shall have the maximum feasible opportunity to participate in the performance of Federal contracts. In order to achieve significant utilization of both minority and women-owned businesses, the City is requesting all Project sponsors, who receive Federal Entitlement funds for construction activities, to make a good faith effort to meet and carry out the following policies:

1. A minimum of 15% of the total contract amounts awarded for construction work, for which any portion of the funds provided by the grant agreement are utilized, are encouraged to be awarded to MBE contractors.
2. A minimum of 8% of the total contract amounts awarded for construction work, for which any portion of the funds provided by the grant agreement are utilized, are encouraged to be awarded to WBE contractors.
3. When a Project Sponsor awards a General Contractor (GC) or a Construction Manager (CM) the total contract for construction work, and the GC and CM is a MBE or WBE entity, their entire contract amounts may be counted towards the minimum percentages above.
4. When a Project Sponsor awards a GC or CM the total contract for construction work, and that GC or CM is not a MBE or WBE entity, the subcontracted amounts are encouraged to meet the minimum percentages above.

5. To help facilitate minority and women-owned business enterprise participation, obtain information on participating enterprises from the Division of Equal Opportunity at [mybid@indygov.org](mailto:mybid@indygov.org) or (317) 327-5262. In addition, encourage MBE/WBE eligible entities to become certified with the City's Department of Minority Women Business Development.
- H. All project sponsor approved bids for single-family projects, that are either 10% less than the City-approved construction budget/estimate, or exceed the City-approved construction budget/estimate by 10% or more, must be reviewed and approved by the City Rehabilitation Specialist. Please see the Multifamily and Commercial Construction Appendix for multifamily rental and commercial projects. (Available upon request)

## **Permits**

***The type of construction work shall determine the need for obtaining building permits.***

- A. City funded projects when required shall obtain appropriate permits when the work to be performed requires one pursuant to City of Indianapolis Department of Code Enforcement rules and regulations; e.g.; electric service panel.

## **INSPECTIONS**

***All City funded construction projects shall be inspected by a City Rehabilitation Specialist.***

- A. The Rehabilitation Specialist will verify that work completed with City funds is in compliance with the applicable Indiana Residential Code, Indiana Building Code, HOME Program Property Standards, Housing Quality Standards/Uniform Physical Standards, local codes, standards and ordinances, the manufacturers specifications and industry standards and all contractual obligations including the approved work specifications, plans, drawings, project manuals, construction budget, and workmanship practices.
- B. Inspections are required prior to periodic payment requests and/or at the time of completion. City Rehabilitation Specialists must be contacted for these inspections. All work components must be completed and in place for those items for which payment is being requested. City Rehabilitation Specialists will submit written reports as to any deficiencies discovered upon inspection.
- C. Project Sponsors shall comply with all required City of Indianapolis Department of Code Enforcement permit inspections. The Project Sponsor must contact The Inspection Services Section for these inspections. All construction work requiring a permit shall have one.



- D. Once an inspection is complete, the Project Sponsor is responsible for obtaining all appropriate signatures on the following forms, as applicable, which must be completed and attached to all claims for payment/reimbursement:
1. [Certificate of Completion of Work Specifications](#)
  2. [Partial Payment Request](#)
  3. [Final Payment Request](#) (attach lien waivers)
  4. [Subcontractor's List for all HOME funded homebuyer and rental projects](#)
  5. [Davis-Bacon Payment Request \(if applicable\)](#)
- E. Before the transfer of the homeownership interest, the property must be inspected by the Rehabilitation Specialist for any defects that pose a danger to health. If a potential buyer is already in place, the buyer must be notified of the work needed to cure the defects and the time by which property standards will be met. In the event that property is sold before the final inspection is completed HOME funds will not be reimbursed and if applicable, asked to be returned.

## **LEAD-BASED PAINT**

***All project sponsors receiving federal assistance for rehabilitation activities for projects constructed prior to 1978 must comply with the following notification requirements:***

### **Exemptions to the Lead Based Paint Requirements**

1. Exemptions still applicable from the Current Regulations
  - A. Residential Structures built after January 1, 1978
  - B. Emergency activities
2. Existence of Lead-Based Paint Unlikely
  - A. Areas where state and local governments banned lead-based paint prior to January 1, 1978.
  - B. Properties found not to have lead-based paint during earlier testing that meets the requirements of proper evaluations.
  - C. Properties where all lead-based paint has been identified and removed using approved methods.
3. Human Threat Unlikely
  - A. Unoccupied units that will be demolished.
  - B. Property not suitable for human habitation.
  - C. Rehabilitation that does not disturb paint.
4. Child Occupancy Unlikely
  - A. Zero-room dwelling units.
  - B. Elderly and disabled housing.

All unit occupants must receive the HUD/EPA/CPSC pamphlet "Protect Your Family from Lead in Your Home".

<http://www2.epa.gov/lead/documents-and-outreach-materials>

If a unit is known to contain lead-based paint or lead-based paint hazards, occupants or prospective purchasers must be notified by the Project Sponsor.

All unit occupants must be notified of any lead hazard evaluation results (or the presumption of lead-based paint/hazards) and of the hazard reduction activities and clearance.

***Requirements for properties constructed prior to 1978 and receiving less than or equal to \$5,000 of federal funds per unit for rehabilitation activities include the following:***

**A. Lead hazard evaluation**

Paint testing must be conducted to identify lead-based paint on painted surfaces that will be disturbed or replaced, or

Project Sponsors may assume that these surfaces contain lead-based paint.

**B. Lead hazard reduction**

If lead-based paint is detected, safe work practices must be used during rehabilitation.

If lead-based paint is assumed, all paint disturbed during rehabilitation must be repaired using safe work practices. Safe work practices include protecting occupants from lead-based paint hazards associated with lead hazard reduction activities, preparing the worksite to prevent the release of lead dust and debris, and appropriate worksite cleanup to remove dust and debris from the work area.

**C. Clearance**

Clearance is required only for the work area.

Clearance must be performed by a certified risk assessor, certified lead-based paint inspector or clearance technician.

***Requirements for properties constructed prior to 1978 and receiving federal assistance between \$5,000-\$25,000 per unit for rehabilitation activities include the following:***

**A. Lead hazard evaluation**

Paint testing must be conducted to identify lead-based paint on painted surfaces that will be disturbed or replaced, or Project Sponsors may assume that these surfaces contain lead-based paint.

A risk assessment must be conducted prior to rehabilitation to find lead-based paint hazards in assisted units, in common areas that service those units, and on exterior surfaces of the units, or Project Sponsors may assume that lead-based paint exists.

## **B. Lead Hazard Reduction**

If lead-based paint or lead-based paint hazards are detected during the evaluations, safe work practices and interim controls must be implemented to reduce lead-based paint hazards.

Safe work practices include protecting occupants from lead-based paint hazards associated with lead hazard reduction activities, preparing the worksite to prevent the release of lead dust and debris, and appropriate worksite cleanup to remove dust and debris from the work area.

Interim control methods include paint stabilization; treatment for friction and impact surfaces; treatment for chewable surfaces; lead-contaminated dust control; and lead-contaminated soil control.

If lead-based paint or hazards are assumed, the Project Sponsor must follow safe work practices and perform standard treatments in lieu of interim controls on all applicable painted surfaces and lead-based paint hazards.

Safe work practices include protecting occupants from lead-based paint hazards associated with lead hazard reduction activities, preparing the worksite to prevent the release of lead dust and debris, and appropriate worksite cleanup to remove dust and debris from the work area.

Standard treatments include paint stabilization, smooth horizontal surfaces that can be cleaned, correcting dust generating conditions, and bare residential soil.

## **C. Clearance**

Clearance is required when lead hazard reduction activities are completed in the unit, common areas servicing the unit, and exterior surfaces where hazard reduction took place.

Clearance must be performed by a certified risk assessor, certified lead-based paint inspector or clearance technician.

***Requirements for properties constructed prior to 1978 and receiving federal assistance over \$25,000 per unit for rehabilitation activities include the following:***

### **A. Lead hazard evaluation**

Paint testing must be conducted to identify lead-based paint on painted surfaces that will be disturbed or replaced, or Project Sponsors may assume that these surfaces contain lead-based paint.

A risk assessment must also be conducted prior to rehabilitation to find lead-based paint hazards in assisted units, in common areas that service those units, and on exterior surfaces, including soil; or Project Sponsors may assume that lead-based paint hazards are present.

## **B. Lead hazard reduction**

If lead-based paint hazards are detected during the evaluation, abatement must be completed to permanently reduce these hazards. Abatement permanently removes lead-based paint and lead-based paint hazards by removing lead-based paint and its dust, or permanently encapsulating or enclosing the lead-based paint, replacing components with lead-based paint, and removing or permanently covering lead contaminated soil. Encapsulation and enclosure require ongoing maintenance to check their effectiveness.

If lead-based paint hazards are detected on the exterior surfaces that are not disturbed by rehabilitation during the risk assessment, interim controls may be completed instead of abatement to reduce these hazards. Interim control methods include paint stabilization; treatment for friction and impact surfaces; treatment for chewable surfaces; lead-contaminated dust control; and lead-contaminated soil control.

If lead-based paint is detected or assumed, safe work practices must be used during lead hazard reduction. Safe work practices include protecting occupants from lead-based paint hazards associated with lead hazard reduction activities, preparing the worksite to prevent the release of leaded dust and debris, and appropriate worksite cleanup to remove dust and debris from the work area.

## **C. Clearance**

Clearance is required when lead hazard reduction activities are completed in the unit, common areas servicing the unit, and exterior surfaces where hazard reduction took place.

Clearance must be performed by a certified risk assessor, certified lead-based paint inspector or clearance technician.

**For all projects, the Project Sponsor must document the presence of lead based paint, and if there is lead based paint, demonstrate the verification of evaluation, reduction and clearance of the hazard. Project Sponsors must contact HOME grant staff to receive the Lead Based Paint evaluation form and must submit the form with their final claim.**

## COST REASONABLENESS

*The City of Indianapolis is required by HUD to verify the cost reasonableness of funded HOME projects through written policies and procedures to ensure compliance with 24 CFR 85.20(b)(5) and 24 CFR 92.505(a).*

Consideration to determine if a project's development cost are reasonable include:

- Whether the cost is acknowledge as ordinary and necessary for the completion of the project;
- Generally accepted business practices or if the cost is a Federal, State, or Local regulation;
- Contractors responsibility to the Government, or other customers, the owners of the business employees and the public at large; and,
- Any significant deviation from the contractor's established practices.

## INCOME LIMITS

*Individuals served under this program, must meet and/or track and report on persons served by the income limits established by HUD on an annual basis.*

<http://www.huduser.org/portal/datasets/il.html>

### 2015 HOME Income Limits

% of Median Income	Limit per Number of Persons in Household					
	1	2	3	4	5	6
30%	\$14,350	\$16,400	\$18,450	\$20,450	\$22,100	\$23,750
50%	\$23,850	\$27,250	\$30,650	\$34,050	\$36,800	\$39,500
60%	\$28,620	\$32,700	\$36,780	\$40,860	\$44,160	\$47,400
80%	\$38,150	\$43,600	\$49,050	\$54,500	\$58,900	\$63,250

### Requirement:

Project sponsors calculating potential HOME beneficiaries income are required to use the [Part 5 Annual Income](#) method for determining income.

### Source Documentation:

Project sponsors are required to collect and use no less than **3 consecutive months of paystubs and bank statements** in order to calculate income eligibility. The source documentation and income calculation must be kept on file as well as submitted to HOME Grant staff along with the activity completion paperwork.

Project sponsors are encouraged to use the [CPD Income Eligibility Calculator](#). When using the calculator you will want to use 2% Passbook Rate in the Guided (Step-by-Step) Method.

## HOME PROGRAM RENTS

*[2015 HOME Program Rents](#) are typically released in June and are effective on the date they are made public.*

Effective as of 5/01/2015

Number of Bedrooms	High HOME Rents	Low HOME Rents	Fair Market Rents
0	\$516	\$516	\$516
1	\$637	\$637	\$637
2	\$792	\$792	\$792
3	\$1056	\$885	\$1056
4	\$1226	\$987	\$1232
5	\$1335	\$1090	\$1417
6	\$1443	\$1191	\$1602

### HOME Rent Limits

Requirement:

Qualification as Affordable Rental Housing:

- Rents are the “lesser of” the Fair Market Rent (FMR) for the unit size or 30% of the adjusted income of a family whose income equals 65% of the area median (“High HOME Rent”).
- In rental projects of 5 or more HOME-assisted units, 20% of the HOME-assisted units must be occupied by very-low income families whose rents do not exceed 30% of the annual income of a family whose income equals 50% of the area median (“Low HOME Rent”); Low HOME Rents may not exceed High HOME Rents for the unit size.
- HOME rents are not required to be lower than the HOME rent limits for the project in effect at the time of project commitment.
- Any increase in rents is subject to the provision of outstanding leases and tenants must be provided at least 30 days written notice prior to implementing any rent increase.

## HOME Rental Income Targeting Requirements

### Income Targeting:

- In rental developments within their first year of long term compliance or upon initial lease up, not less than 90% of families living in HOME-assisted rental units must be families whose annual incomes do not exceed 60% of the median family income.
- The remaining families must be households that qualify as low-income (80% of median family income).

### Additional Rent Limitations:

- In rental projects of 5 or more units, 20% of the HOME-assisted units must be occupied by very low-income families (50% of median family income).

### Over Income Tenant Rents - Rental Housing :

Over-income tenants must pay as rent the lesser amount payable under State or local law or 30% of the family's adjusted income, except that tenants of HOME-assisted Low Income Housing Tax Credit (LIHTC) units must pay the rent governed by section 42 of the IRS code.

- In projects with floating HOME units, over-income tenants are not required to pay more than the market rent for comparable unassisted units.

## Utility Allowance Reference Tables (From the Indianapolis Housing Agency)

Directions: For all TENANT-PAID utilities, add up the allowance for each unit size. Be sure to use the allowances for the type of fuel (Natural Gas/Electric) to be installed in your project.

Duplexes, Row, or Townhome Apartments						
MULTI-FAMILY Utility Allowances		0 Bdr	1 Bdr	2 Bdr	3 Bdr	4 Bdr
Heating	Natural Gas	\$43	\$57	\$70	\$83	\$96
	Electric	\$30	\$45	\$57	\$69	\$80
A/C	Electric	\$0	\$6	\$12	\$18	\$24
Cooking	Natural Gas	\$3	\$4	\$5	\$6	\$8
	Electric	\$5	\$7	\$10	\$12	\$14
Other Elec.		\$17	\$26	\$39	\$51	\$58
Water Heating	Natural Gas	\$6	\$8	\$11	\$14	\$17
	Electric	\$11	\$17	\$23	\$28	\$34
Water	N/A	\$23	\$30	\$36	\$43	\$49
Sewer	N/A	\$23	\$29	\$35	\$42	\$49

Garden & High Rise Apartments						
MULTI-FAMILY Utility Allowances		0 Bdr	1 Bdr	2 Bdr	3 Bdr	4 Bdr
Heating	Natural Gas	\$34	\$38	\$41	\$44	\$46
	Electric	\$21	\$34	\$47	\$57	\$67
A/C	Electric	\$4	\$7	\$11	\$15	\$19
Cooking	Natural Gas	\$3	\$5	\$5	\$6	\$8
	Electric	\$5	\$7	\$10	\$12	\$14
Other Elec.		\$17	\$24	\$31	\$41	\$48
Water Heating	Natural Gas	\$6	\$9	\$13	\$16	\$20
	Electric	\$11	\$17	\$23	\$28	\$34
Water	N/A	\$23	\$30	\$36	\$43	\$49
Sewer	N/A	\$23	\$29	\$35	\$42	\$49

Detached Single-Family Homes						
MULTI-FAMILY Utility Allowances		0 Bdr	1 Bdr	2 Bdr	3 Bdr	4 Bdr
Heating	Natural Gas	\$41	\$58	\$74	\$90	\$106
	Electric	\$41	\$56	\$70	\$83	\$95
A/C	Electric	\$2	\$8	\$13	\$19	\$24
Cooking	Natural Gas	\$3	\$4	\$5	\$6	\$8
	Electric	\$5	\$7	\$10	\$12	\$14
Other Elec.		\$24	\$33	\$46	\$58	\$65
Water Heating	Natural Gas	\$6	\$8	\$11	\$14	\$17
	Electric	\$11	\$16	\$23	\$28	\$34
Water	N/A	\$23	\$30	\$36	\$43	\$49
Sewer	N/A	\$23	\$29	\$35	\$42	\$49

Manufactured Homes (NOT Modular)						
MULTI-FAMILY Utility Allowances		0 Bdr	1 Bdr	2 Bdr	3 Bdr	4 Bdr
Heating	Natural Gas	\$63	\$65	\$67	\$69	\$71
	Electric	\$68	\$70	\$71	\$73	\$75
A/C	Electric	\$0	\$7	\$13	\$19	\$25
Cooking	Natural Gas	\$3	\$4	\$5	\$6	\$8
	Electric	\$5	\$7	\$10	\$12	\$14
Other Elec.		\$19	\$29	\$43	\$52	\$59
Water Heating	Natural Gas	\$5	\$8	\$11	\$14	\$17
	Electric	\$11	\$17	\$23	\$28	\$34
Water	N/A	\$23	\$30	\$36	\$43	\$49
Sewer	N/A	\$23	\$29	\$35	\$42	\$49

## SUBSIDY LIMITS

*The City will limit the amount of funds that may be used for rehabilitation/construction projects in order to maximize the use of grant funds for housing and community development activities.*

1. Funding for new construction activities may not exceed \$40,000 per unit for homeownership opportunities.
2. Funding for acquisition-rehabilitation activities may not exceed \$50,000 per unit for homeownership opportunities.
3. Funding for direct homeownership assistance may not exceed \$14,999 per unit.

Per unit funding may only exceed established limits with prior authorization from the Home Investment Partnership Program (HOME) Grant Manager.

**Any change in address which differs from both the original submitted Pro-Forma and the Contract must be re-submitted to the HOME Grant Manager for approval. Work cannot commence on any new properties until the Grant Manager has completed the underwriting and subsidy analysis and has given explicit approval to change project scope.**



## ADMINISTRATIVE EXPENSES

*The City will limit the amount of funds that may be used for administrative expenses, in order to maximize the use of grant funds for housing and community development activities. Administrative funds must be drawn down in proportion to the amount of non-administrative funds drawn.*

1. For HOME Sub-recipients, a maximum of 5% of the total contract amount may be allocated for administrative expenses directly related to that contract. If a specific administrative expense is not completely related to a HOME activity, expense must be pro-rated.
2. For Project Sponsors carrying out activities as a developer or owner, up to 8% of HOME funds may be used towards a developer's fee for New Construction and 12% of HOME funds for Acquisition and Rehabilitation.
3. For eligible CHDO's, funding may be provided for eligible operating expenses, annually. **CHDO operating funds will only be offered to those eligible CHDO's during their first year of an approved project.**

## GENERAL CLAIM/REIMBURSEMENT PROCEDURES

*In order to manage all grant programs in the most efficient manner possible, CED has uniform reporting requirements governing claims, report submissions and monitoring procedures for all grants.*

- A. **Claims are paid upon a reimbursement basis only. The Project Sponsor must have already paid all vendors or contractors for services provided prior to the submission of a claim.** In order to submit a claim, the Project Sponsor must submit copies of invoices or receipts totaling the amount to be claimed. Copies of timesheets signed by the employee and their direct supervisor (in the case of a Executive Director, the Board President must sign the timesheet) detailing hours worked on specified projects for salaries being claimed.
1. [Claim Form](#) – A listing of the amount to be claimed, on the Project Sponsor's letterhead signed by an authorized individual. (photocopies are not acceptable)
  2. Accounting Report – An accumulated total of claims to date. **For homeownership projects, accounting must be delineated by address.**
  3. Detail of Salaries and Wages/Detail of Expenses – An itemized accounting of the expenses being claimed. Signed timesheets including a supervisor's signature are required for all staff salaries.
  4. HOME MBE/WBE/VBE/Section 3 Payment Request form.

5. For all construction projects, a Rehabilitation/Construction Approval Form signed by the Rehabilitation Specialist and initialed by the Environmental Review Officer must accompany each claim.
6. For all Davis-Bacon Projects, the [Davis Bacon Payment Request Form](#) signed by the Davis-Bacon Compliance Monitor and the Rehabilitation Specialist must accompany each claim.
7. For all HOME construction projects, a [request for partial](#) or [final payment](#)
8. For Lead Based Paint applicable projects, verification of evaluation, reduction and clearance of hazard.
9. For all HOME construction projects, a [Certificate of Completion of Work Specifications](#) form must accompany the final claim.
10. Project Sponsors must submit [Sam.gov](#) debarment information with claims for both contractors and subcontractors. When the Rehabilitation Inspector reviews the RCA, and Partial or Final Payment request for any claim, the Inspector will also ensure the Sam.Gov debarment record is included, and will sign off on the work conducted. HOME Grant Staff will not pay any claim without the debarment record verified.
11. [Online construction reports](#) should be updated. Work seeking reimbursement should be reflected in the Online Construction Reports.

B. Completed forms and supporting documentation should be sent to the attention of

Samantha Spergel, Grant Manager  
City-County Building  
200 East Washington Street, Suite 2053  
Indianapolis, Indiana, 46204

C. The Grant Manager will verify that all expenses being claimed are eligible, reports are complete and that supporting documentation, such as signed timesheets for payroll expenses, invoices, applicable bills for supplies and operating costs and completion certificates, is sufficient.

1. Ineligible expenses include, but are not limited to:

- Purchase of non-expendable equipment
- Sales tax on purchases or services
- Food and beverage items
- Late fees (utilities, etc.)
- Travel
- Cell phones and pagers
- Cable bills
- Gift Certificates

D. **For HOME projects, the optional Developer's Fee may only be claimed once the unit is completed and the claim is accompanied by a Rehab Inspector signed Certificate of Completion of Work Specifications.** The developer fee may be for 12% (Aq-Rehab) or 8% (New Construction) of the total HOME per-unit investment. Your anticipated developer fee must also be declared when submitting your budget and timeline.

- E. If the Grant Manager determines that insufficient documentation has been provided, he/she will contact the Project Sponsor and request additional information. The claim will not be processed and will be returned to the Project Sponsor.
- F. When a claim is approved for reimbursement and submitted to accounts payable, the Grant Coordinator will issue the notice of payment approval. This notice containing the date of approval, purchase order, and claim number, will be sent to the grant analyst and project sponsor. After the claim has been paid by accounts payable, the grant analyst or Manager will approve the voucher in IDIS and notify the sub-recipient and Grant Manager that a check has been issued. This increased communication and transparency with the project sponsor will keep them updated on the status of their claim and allow them to plan accordingly.
- H. **All claims must be submitted no later than 15 days after the contract expiration date to be eligible for reimbursement.** (Note: All expenses must have been incurred within the terms of the contract to be eligible for reimbursement.)
- I. The City will not process any claims received between December 11, 2015 and January 4, 2016. Claims received during this time will be processed for payment on or after January 4, 2016.
- J. For HOME construction projects, the City will withhold 10 percent of the total contract amount until the project is complete and all completion information is submitted. The 10 percent retainer amount will not be released until units are completed, occupied, and all documents are submitted to HOME staff.
- K. If the completion documents are not received within 30 days of the documented settlement date, the 10% retainage fee will be forgone.
- M. If Online Reports or other required documents have not been submitted in a timely fashion, the City will withhold payment on claims until these outstanding reporting requirements are resolved.
- N. The Project Sponsor must be in compliance with all city and federal programs, grants, laws and regulations. The City will withhold all funding on claims and activities until the Project Sponsor is in full compliance.

## ONLINE REPORTING SYSTEM

*The City will use progress reports, submitted along with draw-down requests, to measure the progress of Project Sponsor activities throughout the year*

<https://www5.indy.gov/FederalGrantReportingSystem/Account/LogOn>

- A. Project sponsors must update online reports with each draw and [submit a notification responses to the Grant Manager](#).
- B. If a Project Sponsor's online reports are not submitted before or along with a draw request, the Grant Manager will withhold payment until all reports are current. In addition, failure to return online reports in on a timely, complete, and accurate manner will reflect on future funding decisions and may be cause for termination of the current contract.
- C. City grant teams will closely monitor the activities reported on a quarterly basis. If the quarterly reports reveal that the activities being reported vary significantly from the timeline established prior to contract execution, the Grant Manager will meet with the Project Sponsor to determine a proper course of action.
- D. Additionally, Project Sponsors utilizing the Internet based Quarterly Report system for construction/rehabilitation projects are expected to regularly update reports to reflect on-going progress.
- E. Financial leveraging and allowable match for the entire project shall be included on the quarterly report, not just federal funding received.

## ACTIVITY COMPLETION REPORTING

*All HOME activities have four years from the date the written agreement is executed to report an activity as completed. Failure to report activity completion in that time will result in project termination and repayment of funds.*

### HOME Rental Completion

All HOME-assisted rental units are monitored to comply with program reporting requirements throughout the **Period of Affordability** (between five and twenty years). The Project Sponsor shall cause the owner to recertify each tenant's occupancy and income annually and provide a report to CED.

- A. As soon as the rental project has completed construction and at least 90% of the HOME units have been leased, completion documentation is due to the HOME Grant Manager. Once 90% of the HOME assisted rental units are reported as leased, the project sponsor will have an additional 18 months to report the remaining 10% of HOME units to remain in compliance.

- B. When all the documentation (see below) has been received, the 10% contract retainer will be released. Closing documents include:
1. Approved [\*Certificate of Completion of Work Specifications\*](#)
  2. Affidavit and Waiver of Lien
  3. The City's *Declaration of Covenants* signed by the project owner and recorded by the Community Economic Development Division
  4. [\*Final Online Construction Report\*](#)
  5. [\*Final Claim\*](#) with appropriate documentation
  6. *HUD [\*Rental Completion Report\*](#)*
- C. Once a HOME contract has expired, the Project Sponsor has 15 days to submit the above paperwork to receive the 10% retainer. After the 15 day grace period for final claim submittal has passed, the Project Sponsor is still required to submit the following materials to close out the project within 30 days after the Certificate of Completion of Work Specifications has been approved by the Rehab Inspector:
1. Approved [\*Certificate of Completion of Work Specifications\*](#)
  2. Affidavit and Waiver of Lien
  3. The City's *Declaration of Covenants* signed by the project owner and recorded by the Community Economic Development Division
  4. [\*Final Online Construction Report\*](#)
  5. *HUD [\*Rental Completion Report\*](#)*
- Failure to submit the Declaration of Covenants and Rental Completion Report to HOME staff within this time frame could result in the repayment of HOME funds to HUD.
- D. Annually, HUD will release the latest [\*HOME Rents and Income Limits\*](#) and *Utility Allowances* as provided by the Indianapolis Housing Agency (IHA). Maximum rent allowed equals the HOME program rent minus tenant paid utilities. IHA utility allowances must be used unless the owner receives an estimation of actual utility consumption of each unit of similar size and construction for the buildings geographic area. All estimates must be documented in writing and signed by the utility company. These estimates must be submitted to Community Economic Development for approval and maintained in the owners HOME project file. The owner must solicit and submit new estimates annually.
- D. [\*Income must be verified\*](#) prior to initial move-in certifying that the household is at or below the applicable area family median income for unit size. Income must be recertified annually and verified with source documentation. Third party verification is required and all supporting documentation must be kept in the tenant files. Utilization of the "Part 5/Section 8 definition" for determining income is required for rental projects. Detailed information can be found in the HUD publication [\*Technical Guide for Determining Income and Allowances for the HOME Program\*](#).
- E. Annually, all Project Sponsors shall cause the project owner to turn in the *Rental Recertification Report*. **This report will be due by March 31st.** Failure to complete and submit this report on time will put the Project Sponsor in default of the HOME Agreement.

This will make all notes due and payable and all grants will need to be repaid in full. In addition, applications for future HOME funds will not be considered.

F. Depending on the original date of compliance, CED will complete an on-site inspection of the property and an on-site review of tenant files. The property owner will receive notice 30 days prior to the inspection date. CED will inspect a random sample of occupied and unoccupied HOME-assisted units (usually 15% to 20%).

G.. After the on-site inspection of the property and records, a monitoring/inspection review letter will be sent to the owner. If any deficiencies are discovered, the owner will be given an opportunity to rectify the problem. If after that time, the deficiencies are not sufficiently rectified, the owner or project sponsor will be considered in default of the HOME Agreement. This will make all notes due and payable and all grants will need to be repaid in full. In addition, applications for future HOME funds will not be considered. If a third inspection is needed, the Project Sponsor will be charged an inspection fee.

### HOME Completion Reports for Homebuyer/Down Payment Assistance Activities

*Project sponsors have six months from the date that either 90% of the funds have been drawn down or the Certificate of activity of completion is signed by the rehab specialist, to convey ownership to an income qualified household.*

Projects funded in fiscal years 2012 or 2013 have six months to convey ownership. Projects funded in fiscal year 2014 or later will have nine months to convey ownership.

Failure to convey ownership within six or nine months from completion for projects will result in the activity converting to rental.

### Purchase Price and Housing Value Limits

To qualify as affordable housing under the HOME program, the initial purchase price or after-rehabilitation value of homeownership units assisted with HOME funds not exceed [95 percent of the area median purchase price](#) for single family housing, as determined by HUD. The 2015 Homeownership Maximum values can be accessed [here](#). The 2015 Homeownership Maximum values are the following for existing homes:

State	County Name	Metropolitan/FMR Area Name	Existing Homes HOME Purchase Price Limit			
			1-Unit	2-unit	3-unit	4-unit
IN	Marion County	Indianapolis, IN HUD Metro FMR Area	\$132,000	\$169,000	\$205,000	\$254,000

The 2015 Homeownership maximum values are the following for new homes:

State	County Name	Metropolitan/FMR Area Name	New Homes HOME Purchase Price Limit			
			1-Unit	2-unit	3-unit	4-unit
IN	Marion County	Indianapolis, IN HUD Metro FMR Area	\$200,000	\$255,000	\$309,000	\$383,000

- A. For all HOME assisted units for homebuyer activities, Project Sponsor must complete and submit the following documents within **30** business days of the settlement date. Once these documents are received, Project Sponsors will be allowed to claim for the remaining 10% retainage fee withheld for that specific unit. If completion documents are not received within 30 days of the documented settlement date, the 10% retainage fee will be forgone.
- B. Project Sponsors must maintain all documents in project files and ensure they have been correctly filled out before services are rendered.
- C. Project Sponsors must use City approved Mortgage and Promissory Notes.
- D. For home ownership activities, Project Sponsors must submit an updated buyer affordability analysis (found in the HOME Pro-Forma) to the Program Coordinator prior to settlement date to determine development subsidy and buyer subsidy.
- E. Listed below are the required documents needed for completion requirements:

Completion Report Documents for Homebuyer Activities:

- 1. HUD [Completion Report](#)
- 2. HUD 1 Settlement Statement
- 3. 1<sup>st</sup> Promissory Note
- 4. 2<sup>nd</sup> [Mortgage](#) and [Promissory Note](#) (HOME)
- 5. [Resale](#) or [Recapture](#) Acknowledgment Form
- 6. Appraisal Form
- 7. [Subcontractor's List](#)
- 8. HOME [Income Qualification](#) and copies of all source documentation used to determine income
- 9. HOME [Affordability Analysis](#)
- 10. [Certificate of Completion of Work Specifications](#)

Completion Report Documents for Down Payment Assistance:

- 1. HUD [Completion Report](#)
- 2. HUD 1 Settlement Statement
- 3. 1<sup>st</sup> Promissory Note
- 4. 2<sup>nd</sup> [Mortgage](#) and [Promissory Note](#)
- 6. [Recapture Acknowledgment Form](#)
- 7. Appraisal Form
- 8. HOME [Income Qualification](#) and copies of all source documentation used to determine income
- 9. [HOME Affordability Analysis Form](#)

## SPECIAL COMPLIANCE ISSUES

*Projects involving rehabilitation and, construction, must obtain an environmental review, receive DMD approval of work specifications, adhere to proper bidding procedures and have required inspections.*

### **Project Timeliness**

Project Sponsors have four years from the project commitment deadline to complete the project. The Commitment deadline begins upon the last signed and date on the contract between the Project Sponsor and the City. The City cannot commit any project consisting of either new construction or rehabilitation until the following is met:

- All necessary financing is secured;
- A budget and production schedule is established;
- Underwriting and subsidy layering is completed;
- Market assessment is completed; and,
- Assessment of the experience and financial capacity of the developer is completed.

### **Construction on new projects is expected to start within 12 months of project commitment.**

Project Completion is defined when the following actions have occurred:

- All construction work complete and property standards met;
- Final drawdown of HOME funds disbursed; and
- Project completion information entered into IDIS.

Project Sponsors are required to have submitted final claims and completion report paperwork 30 days prior to the end of the four year commitment period.

Contracts will not be extended beyond four years of the initial award, and the project will be considered a failed project – any HOME funds used will be paid back to HUD.



## **Periods of Affordability**

The HOME Program requires a minimum affordability period for all projects receiving HOME funds, depending on the amount of HOME funds invested in each unit and the type of activities performed using HOME funds. The chart below shows how the activity and per-unit subsidy determine the HOME required affordability period.

### **Affordability Period for Homebuyer Projects:**

HOME FUNDS PROVIDED	AFFORDABILITY PERIOD
<\$15,000	5 years
\$15,000 - \$40,000	10 years
>\$40,000	15 years

### **Affordability Period for Rental Projects:**

ACTIVITY	AVERAGE PER-UNIT HOME	MINIMUM AFFORDABILITY PERIOD
Rehabilitation or Acquisition of Existing Housing	<\$15,000 \$15,000 - \$40,000 >\$40,000	5 years 10 years 15 years
Refinance of Rehabilitation Project	Any dollar amount	15 years
New Construction or Acquisition of New Housing	Any dollar amount	20 years

## **Resale/Recapture Provisions:**

Project Sponsors are to inform homebuyers of the appropriate provisions (outlined below). All homebuyers must sign an acknowledgement form; this form must be included with all completion report information.

The HOME Grant Team is to monitor for compliance to make sure that the correct provision and mortgage/note are used for each transaction of a unit by a sub-contractor.

### **The Resale Provision**

Project Sponsors will be required to initiate a declaration of covenants to enforce the terms of the resale provision. The Restrictive Covenant will specify:

- a. The length of the affordability period (based on the dollar amount of HOME funds investment in the unit)
- b. That the home remain the Buyer's principal residence throughout the affordability period; and,
- c. The conditions and obligations of the Owner, should the Owner wish to sell before the end of the affordability period, including:
  - a. The Owner must contact the HOME Grant Manager in writing if intending to sell the home prior to the end of the affordability period;
  - b. The subsequent purchaser must be low-income as defined by HUD and HOME, and occupy the home as his/her new purchaser's primary residence for the remaining years of the affordability period. However, if the new purchaser receives direct assistance through a HOME funded program, the affordability period will re-set according to the amount of assistance provide.
  - c. The sales price must be affordable to the subsequent purchasers; affordable is defined as limited the Principal, Interest, Taxes and Insurance (PITI) amount to no more than 30% of the new purchaser's monthly income.

The affordability period is terminated should any of the following events occur: foreclosure, transfer in lieu of foreclosure or assignment of a FHA insured mortgage to HUD. The original housing developer may use purchase options, rights of first refusal or other preemptive rights to purchase the housing before foreclosure to preserve affordability.

### **Fair Return on Investment:**

The City of Indianapolis will administer its resale provisions by ensuring that the Owner receives a fair return on his/her investment and that the home will continue to be affordable to a specific range of incomes.

If the homeowner wants to sell the property during the period of affordability, he/she must contact the HOME Grant Manager and provide the following information: original HUD-1, current mortgage statement, and documentation of capital improvements. Fair Return on

Investments means the total homeowner investment which includes the total cash contribution plus approved capital improvements credits as described below:

1. Original Housing Price
2. Using the Housing Price Index (HPI) Calculator of the Federal Housing Finance Agency. The HPI projects what a given house purchased at a point in time would be worth today if it appreciated at the average appreciation rate of all homes in the area. The City will calculate on a quarterly basis.
3. Down Payment
4. Easement
5. Capital Improvements (see below)
6. Principal Paid

The City will allow up to 80% of the documented\* value of capital improvements. The list of allowable capital improvements is as follows:

- Room addition (bedroom, bathroom, family room)
- Refurbishment/modernization of kitchens or bathrooms, limited to built-in new appliances, cabinets, or flooring
- Addition of porches or decks
- Installation of central air conditioning or new heating equipment
- Major re-plumbing or upgrading or electrical service
- Landscaping
- Sprinkler system

\*Homeowner must have itemized receipts for capital improvements. If receipts do not exist, then the costs are not eligible.

**Affordability to a Range of Buyers:**

The city will ensure continued affordability to a range of affordable buyers. Sales price shall be set such that the amount of Principal, Interest, Taxes and Insurance does not exceed 30% of the new Buyer's annual income. Project Sponsors or homeowners should contact the HOME grant staff to get updated HUD income limits.

**The Recapture Provision:**

Under the recapture guidelines, the City of Indianapolis will recapture up to the HOME investment of the unit if the net proceeds allow, all or a portion of the direct HOME subsidy if the HOME recipient decides to sell.

The sale of the property during the affordability period triggers repayment of any net proceeds (sales price minus loan repayments that are superior to HOME and any closing costs) up to the amount of direct HOME subsidy that the buyer received when he/she originally purchased the home. If there are no net proceeds or the net proceeds are insufficient to recapture the full amount of HOME investment due, the amount subject to will be limited to what is available from net proceeds.

1. The buyer subsidy is needed when a gap exists between what the buyer can afford and the value of the home plus closing costs. The buyer subsidy will be accounted for when the value of the home is reduced to make it affordable (Fair Market Value Reduction), closing costs are paid, down payment assistance is provided, or a credit is provided to the buyer from the amount due to the seller at closing.
2. Project sponsors will be required to initiate a mortgage and promissory note in the amount of the HOME buyer subsidy with the City of Indianapolis, Department of Metropolitan Development as the mortgagor and the homebuyer as the mortgagee.
3. This loan will be a zero percent interest deferred payment loan and in most cases in second position. Loan documents will state that the full loan amount is due and payable from available net sale proceeds when the homeowner is no longer the principal resident of the house. Loan documents will specify that if ownership is transferred due to sale of the property during the period of affordability, payment shall be made to the City from available net sale proceeds. If the original buyer is in non-compliance at any time during the period of affordability, the full loan amount will be immediately due and payable to the City of Indianapolis.
4. The purchaser must occupy the property as their primary residency during the period of affordability.
5. The homeowner may sell the property to any willing buyer at any price the market will bear.

*Project Sponsors must familiarize themselves with all federal, state, and local regulations governing the grant they receive. However, the following regulatory requirements could apply.*

## **Section 504 Compliance and Applicability**

Section 504 provides that no qualified individual with a disability should, only by reason of his or her disability, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

### **New construction**

HUD regulations implementing Section 504 at 24 CFR 8.22(a) require that new construction of multifamily projects be designed and constructed to be readily accessible to and usable by persons with disabilities. Multifamily housing projects are defined at 24 CFR 8.3 as "projects containing five or more dwelling units." Both the individual units and the common areas in the building must be accessible.

For new construction of multifamily rental projects, a **minimum of 5 percent** of the dwelling units in the project (but not less than one unit) must be accessible to individuals with mobility impairments. An additional 2 percent of the dwelling units (but at a minimum, not less than one unit) must be accessible to individuals with sensory impairments (i.e., hearing or vision impairments) unless HUD prescribes a higher number pursuant to 24 CFR 8.22(c).

### **Rehabilitation**

Substantial alterations - Section 504 requires that if alterations are undertaken to a housing project that has 15 or more units, and the rehabilitation costs will be 75 percent or more of the replacement cost of the completed facility, then such developments are considered to have undergone "substantial alterations" (24 CFR 8.23 (a)). For substantial alterations of multifamily 3 rental housing, the accessibility requirements contained in 24 CFR 8.22 must be followed -- a minimum of 5 percent of the dwelling units in the project (but not less than one unit) must be accessible to individuals with mobility impairments, and an additional 2 percent, at a minimum (but not less than one unit), must be accessible to individuals with sensory impairments.

**Other alterations** -- When other alterations that do not meet the regulatory definition of substantial alterations are undertaken in multifamily rental housing projects of any size, these alterations must, to the maximum extent feasible, make the dwelling units accessible to and usable by individuals with disabilities, until a minimum of 5 percent of the dwelling units (but not less than one unit) are accessible to people with mobility impairments, unless HUD prescribes a higher number pursuant to 24 CFR 8.23(b)(2). If alterations of single elements or spaces of a dwelling unit, when considered together, amount to an alteration of a dwelling unit, then the entire dwelling unit shall be made accessible. For this category of rehabilitation the additional 2 percent of the dwelling units requirement for individuals with sensory impairments

does not apply. Alterations to common spaces must, to the maximum extent feasible, make those areas accessible. A recipient is not required to make a dwelling unit, common area, facility or element accessible, if doing so would impose undue financial and administrative burdens on the operation of the multifamily housing project (24 CFR 8.23(b)). Therefore, with regards to covered alterations, recipients are only required to provide access up to the point of being an undue financial and administrative burden.

### **Relocation:**

- A. Project Sponsors must comply with the Uniform Relocation Assistance and Real Property Acquisitions Policies Act of 1970, as amended, whenever permanent displacement occurs as a direct result of rehabilitation, demolition or acquisition.
- B. When temporary relocation occurs, as a direct result of rehabilitation, demolition or acquisition, the following City guidelines must be adhered to:
  - 1. A maximum of \$100 per day will be reimbursed by the City for temporary housing.
  - 2. A maximum of \$40 per day will be reimbursed for meals, per person.
  - 3. Mileage will be reimbursed, at twenty-eight cents per mile, for distances that exceed what would be traveled if the relocation had not occurred (i.e. if a homeowner would normally travel ten miles to work, and must drive fifteen miles due to the relocation, then the additional five miles would be paid for.)

### **Conflict of Interest:**

Project Sponsors must agree to the following provisions, applicable to any person who is an employee, agent, consultant, officer, board member, elected or appointed representative of a Project Sponsor which is receiving funds for any City program:

No person who is in a position to participate in the decision making process or gain inside information, can have any financial interest and shall not acquire any financial interest, direct or indirect, which would conflict in any manner or degree with the performance of services required under their agreement. In the performance of their agreement, no person having such a financial interest shall be employed or retained by the Project Sponsor. Any person having such a financial interest shall not personally benefit from the contract agreement.

If it is possible that a conflict of interest will occur, the Project Sponsor must submit a written request for a waiver of the regulatory requirements to the Grant Manager. Additionally, the Project Sponsor must place a public notice in a newspaper of general circulation, disclosing the conflict of interest and requesting public comment prior to the commencement of any activity. This notice must be attached to the request for a waiver and submitted to the grant manager.

The City will forward the Project Sponsor's request for waiver to HUD. HUD may, on a case-by-case basis, grant an exception to this rule.

## **Affirmative Marketing Procedures for HOME Program**

When HOME funds are provided for rental or homebuyer projects containing five or more HOME-assisted units, affirmative marketing procedures must be followed. Affirmative marketing seeks to provide information and then attract eligible persons to available housing without regard to race, color, national origin, sex, religion, familial status or disability. The following procedures are ways to meet the goals of affirmative marketing, as well as meeting the federal regulations required by the HOME Program.

- A. Housing developers and providers must inform the public, potential purchasers and tenants about fair housing laws. **Mandatory ways to meet this requirement are as follows:**
  - 1. All advertisements, notices and written communications regarding the HOME-assisted units must contain the Equal Housing Opportunity logo or slogan; and
  - 2. Clearly display a fair housing poster in a public place within your office.
- B. A description of what is being done to affirmatively market HOME-assisted housing will be due to the Division of Community Economic Development for each HOME contract that falls within affirmative marketing threshold. This description should include the efforts being made to reach the population that you have determined is least likely to apply for your housing. That description will be considered part of the completion documents releasing the final retainer for each project.
- C. All HOME contract recipients (Project Sponsors) completing projects that fall within the Affirmative Marketing threshold are required to keep files that document their efforts in (1) identifying market least likely to apply for housing and (2) your marketing efforts to reach this segment of the population. **Those files should include:**
  - 1. Listing of how you determined the segment of the population least likely to apply for the housing.
  - 2. Copies of all advertisements, notices and written communications regarding all properties that fall into the Affirmative Marketing threshold.
  - 3. Documentation illustrating how information was disseminated, for example, mailing lists, organizations and addresses where notices were posted, etc...
  - 4. Records of applicants relative to race, sex, age, familial status and the manner in which they learned of the unit availability.
- D. In accordance with the Project Agreement, the project sponsor is contractually obligated to follow and comply with all of these procedures. Failure to comply will be considered an Event of Default. The Project Sponsor will be given 30 days to come into compliance. If after that 30-day period, the Project Sponsor continues to be out of compliance with the

Affirmative Marketing Procedures, the grant will become immediately due and payable. The Division of Community Economic Development will monitor for compliance with these Affirmative Marketing procedures. The division will specifically check for compliance with Procedures One, Two, and Three listed here during on-site visits.

### **Use of Funds by Primarily Religious Organizations:**

- A. A primarily religious organization may establish a wholly secular private non-profit entity to serve as a recipient of HOME funds.
- B. Where allowable by regulation, CED may award HOME funds to a Project Sponsor that is a primarily religious organization, provided that the Sponsor agrees to conduct activities in a secular manner.
- C. All Project Sponsors must agree to the following in connection with the provision of services with HOME-grant funds:
  - 1. It will not discriminate against any employee or applicant for employment on the basis of religion and will not limit employment or give preference in employment to persons on the basis of religion.
  - 2. It will not discriminate against any person applying for such public services on the basis of religion and will not limit such services or give preference to persons on the basis of religion.
  - 3. It will provide no religious instruction or counseling, conduct no religious worship or services, engage in no religious proselytizing, and exert no other religious influence in the provision of such public services.

### **Complaint Procedures:**

- A. All Project Sponsors are required to resolve any complaints that are received by the City regarding a project using City-grant funding. Project Sponsors are required to have in place a written grievance policy that addresses complaints from clients.
- B. Upon receipt of a complaint or request for service from a client (such as a homeowner, renter, or social service recipient) or a citizen, the Grant Manager will contact the Project Sponsor, in writing, detailing the nature of the complaint.
- C. In response, the Project Sponsor must submit to the Grant Manager, on letterhead, the following information:
  - 1. Any actions that have been taken, to date, by the Project Sponsor to bring resolution to the situation.
  - 2. A plan defining the ultimate resolution method and estimated date.



3. Commitments or procedures which will be implemented to prevent future complaints.
- D. The Grant Manager will contact the Project Sponsor to verify that the situation was resolved by the estimated date.

### **Guidelines for Subordinating the City's Loan:**

The City of Indianapolis will consider subordinating its' mortgage only if the new mortgage remains affordable to the homebuyer. The new mortgage payment shall not exceed 30% of the owner's gross monthly income. The City's investment must be secured by the appraised value of the property less all other debts and liens against the property.

The following documents will need to be collected before a subordination can be considered:

- Appraisal: More specifically the URAR. However, if it easier to send the entire appraisal that will also be acceptable
- Good Faith Estimate (GFE)
- 1008: This shows the Income, DTI, and CLTV
- The final amount of the new loan (including MIP, etc)
- The name of the new lender as it will appear on the closing docs.

When refinancing it is not necessary that the refinancer qualify at or below 80% MFI.

## PROGRAM INCOME AND CHDO PROJECT PROCEEDS

*To ensure compliance with federal reporting requirements while allowing flexible use of funds, the City may use its discretion in allowing program income to be retained by the recipient for a specific use covered by the contract. However, when generated all program income must be reported back to the City.*

### **Program Income**

Program income includes, but is not limited to:

- Proceeds from the sale or long-term lease of real property acquired, rehabilitated or constructed with HOME funds or matching contributions
- Income from the use or rental of real property owned by the City, state recipient, that was acquired, rehabilitated, or constructed with HOME funds or matching contributions, minus the costs incidental to generating that income.
- Payments of principal and interest on loans made with HOME or matching funds, and proceeds from the sale of loans or obligations secured by loans made with HOME or matching contributions.
- Interest or other return on investment of HOME and matching funds.
- Interest on program income.
- Any other interest or return on the investment of HOME and matching funds.

Not all income is considered program income. Some examples of items that are not considered program income include:

- Repaid loans guaranteed with HOME funds are not considered program income and are not subject to HOME requirements
- Recaptured HOME funds are the repayment of original HOME investments, and are technically not program income.

### **CHDO Proceeds**

City of Indianapolis are authorizes organizations designated as CHDO's to retain some or all of the proceeds generated from a CHDO development activity.

CHDO project proceeds are funds resulting from:

- Permanent financing of a CHDO project that is used to pay off a CHDO-financed construction loan.
- Sale of CHDO-sponsored rental housing to a second non-profit.
- Sale of CHDO-developed homeownership housing.
- The principal and interest payments from a loan to a buyer of CHDO-developed homeownership housing.

Retained CHDO proceeds must still be used for HOME-eligible activities or other low-income housing activities and must be tracked financially clearly illustrated to HOME Grant Staff.

Once CHDO project proceeds are used by the CHDO for eligible activities, there are no further HOME requirements. Funds generated from the use of CHDO proceeds **are not** considered CHDO proceeds.

### **Monitoring Visits**

***At least once a year, the City will conduct risk analysis for all contracts to determine which organizations and purchase orders will be subject to a site visit and in-depth file review. Additional visits may be made, as deemed necessary by the Grant Manager.***

#### **A. Preparation**

1. The Project Sponsor will be notified, in writing, at least two weeks prior to the monitoring visit. This notification will include potential dates and times of the visit, and a list of documents to be reviewed. These documents should be readily available at the monitoring visit.
2. An interview during the site visit with the Project Sponsor's Executive Director is required. Any additional staff (i.e., financial staff, etc.) that will need to be present for the visit should also plan to be available during the designated time.

#### **B. On-Site Visit**

1. An initial and exit interview will be held with the Executive Director of the Program. The Program Coordinator or other CED staff member will ask a series of questions relating to the capacity of the organization, program effectiveness, contractual compliance and any recent changes that the organization has undergone. The Program Coordinator or CED staff member will also describe the review process that will occur throughout the remainder of the visit to verify that all required data/files are accessible.
2. Using the guidelines established in the monitoring form, the Program Coordinator or other CED staff member will review the client files thoroughly, noting any missing/incomplete information. Client eligibility and other requirements will be verified to demonstrate compliance with federal regulations.
3. Claims will be reviewed to verify that the organization is maintaining appropriate and sufficient records. Specifically, the City reserves the right to assess any financial back-up documentation for these claims to determine whether unnecessary or unreasonable expenditures occurred.
4. The Program Coordinator or CED staff member will conduct an exit interview with the Executive Director; in order to answer any questions or clarify any missing or unusual information found during the visit.

### C. Post-Visit Procedures

1. Within fifteen business days of the monitoring visit, the grant management team will mail a Monitoring Evaluation letter to the Project Sponsor, citing both strengths and weaknesses in addition to any corrective actions that should be taken. An organization may receive either a *Finding*, which is a regulatory or contractual violation, or they may receive a *Concern*, which is a programmatic violation or problem. A deadline will be set for these actions to be taken (no more than 60 days), and directions will be given regarding how to demonstrate compliance (i.e. a follow-up visit, written response, etc.).

If a Project Sponsor does not complete all corrective actions in the time allotted, a letter will be sent to the Project Sponsor, detailing areas of non-compliance, copies of previous correspondence, and listing sanctions that will be taken (including possible funding decrease) if the situation is not rectified. In addition, no claims will be paid on any grant contracts until the necessary documentation is received.

### D. Desk Monitoring

1. In certain instances, City staff may monitor projects through a “desk monitoring” process of reviewing documents submitted by project sponsors of relevant activities.

### Notification of Board Presidents

- A. The Board President/Chair of each Project Sponsor will be included on all monitoring correspondence and other communications relating to contractual agreement(s) between the City and the Project Sponsor.
- B. This correspondence is an effort by the City to ensure that the Board Members are kept informed of the activities within the organization.

## COMMUNITY HOUSING DEVELOPMENT ORGANIZATIONS (CHDO)

***A CHDO is a private non-profit, community-based organization that has the capacity to develop affordable housing for the community it serves.***

- A. Applications for CHDO status are made available in three year cycles. Organizations designated as CHDO's through the three year application cycle will need to recertify their CHDO status on an annual basis.
- B. Staff will evaluate completed applications that have been returned to CED. A confirmation or declination will be given within one month.
- C. Designated CHDO's have the opportunity to receive operating support. To be eligible for operating support, a CHDO must be completing a CHDO eligible project (such as acquisition/rehabilitation, new construction or tax credit project).
- D. Levels of operating support cannot exceed \$50,000 or be equal to 50% or more of the organization's annual operating budget.

- E. If any CHDO demonstrates a lack of capacity or inability to carry out the purposes of a designated CHDO, CD has the ability to revoke CHDO status

## **TENANT BASED RENTAL ASSISTANCE PROGRAM**

*The City will offer a Tenant Based-Rental Assistance program to a sub-recipient to directly offer rental subsidies to households with one or more persons with disabilities.*

### **Eligible activities:**

The TBRA program will offer rental assistance, security deposits and utility deposits only if provided with rental assistance or security deposits to households with one or more persons with disabilities. The rental unit must reside in the City of Indianapolis, but may be either publicly or privately owned. Type of housing (such as single-family, multi-family, duplex, garden style) is not limited. The sub-recipient will establish its own waiting list.

### **Selection Criteria:**

Any household with one or more persons with disabilities who meets the below criteria is eligible through the City of Indianapolis' TBRA program:

- Ninety percent (90%) of all households receiving TBRA must have incomes at or below 60% AMI. Tenants must be low-income prior to signing their contract; income determination is valid for six months, and must be verified by the City annually.
- The household must not have been evicted within the past three years from Public or Indiana Housing, or a Section 8 Program because of drug-related criminal activity.
- The household must be U.S. citizens or have eligible immigration status.
- The household must not have been terminated from another assisted housing program from fraud within the last two years.

### **Ineligible activities:**

The following are ineligible activities under the City of Indianapolis' TBRA program:

- Assisting a resident owner of a cooperative or mutual housing unit
- Providing funding to homeless persons for overnight or temporary shelter
- Duplicate existing rental assistance programs that already reduce rent payment to 30% of the tenant's income
- Utility deposit assistance is limited to electric, gas, water and trash.

### **Property Standards:**

Units to be occupied using HOME program funds will be inspected and verified by the rehabilitation specialist. The specialist will verify that the unit is in compliance with the applicable Indiana Residential Code, Indiana Building Code, HOME Program Property Standards, local codes, standards, and ordinances. Units will also be in compliance with Lead-Based Paint regulations (Part 35 Subpart M).

**Lease Requirements:**

- The owner's lease must not contain prohibited lease provisions.
- The term between the tenant and owner must be for at least one year, unless mutually agreed upon.
- Subsidy contract with households cannot exceed two years.

**Payment Standards:**

- The sub-recipient will follow the Section 8 payment standard. These standards are updated yearly.
- For rental assistance, the maximum HOME subsidy is capped at the payment standard less 30% of the household adjusted income.
- The maximum amount of HOME funds that may be provided for the security deposit is the equivalent of two months of the payment standard.
- The security deposit may be a loan.

## APPENDIX “A”

### HOME Construction Rehab Standards

# HOME Program Construction/Rehab Standards

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*Revised 1/1/2012*



Department of Metropolitan Development

**Indianapolis**

*Gregory A. Ballard, Mayor*



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## **PREFACE**

The purpose of these Standards is to provide minimum housing condition criteria acceptable in the provision of decent, affordable, and safe housing with the utilization of funds of the HOME Program. These Standards shall provide the minimum scope of work (activity) to be accomplished whenever City HOME funds are utilized for projects involving rehabilitation, reconstruction, conversion, site improvements, acquisition, TBRA, and refinancing of existing structures. **The property in its entirety shall comply with these Standards. All activity must comply with Local Ordinances, State Building Rules, and Federal Requirements.**

See the current City of Indianapolis (CDFS) Grant Management Policy for procedures required in use of HOME funds and any limitations that may apply to your project.

## **DEFINITIONS**

**Definitions are intended for clarification of terms set forth in these One and Two Family Rehabilitation Standards. All applicable Indiana dwelling codes apply.**

**ACCESSORY STRUCTURE**. A structure, the use of which is incidental to that of the main dwelling structure and which is located on the same lot. (Examples: garage, barn, fence, swing set, shed)

**APPROVED**. To accept as satisfactory by the agency, law, code, standard, or set of rules which holds the authority or right to apply particular standards.

**BUILDING INSPECTOR**. City staff building inspector verifies construction activity compliance to the Indiana Building Rules and City of Indianapolis Ordinances (Article 536).

**CISTERN**. An artificial (underground) reservoir used for storing liquids especially rain water

**CONDITIONED SPACE**. An interior area that is artificially ventilated and/or heated/cooled.

**DWELLING UNIT**. A building or portion thereof which contains living facilities, including provisions for sleeping, eating, cooking and sanitation for not more than one family.

**HABITABLE AREA**. The enclosed floor space used or intended to be used for living, sleeping, cooking or eating. The following are considered **NON-HABITABLE AREAS**: bathroom, laundry room, furnace room, pantry, kitchenette, utility room with less than fifty square feet of floor space, foyer, connecting corridor, stairway, closet, storage space, workshop or hobby and recreation area.

**HEALTH HAZARD**. A condition that may be harmful to one's health or safety.

**INDIANA BUILDING RULES**. Current State adopted Indiana One and Two Family Dwelling Code, Indiana Electric Code, Indiana Plumbing Code, Indiana Energy Conservation Code. All construction activity must comply with the Building Rules. Copies are available by contacting the City Building Inspections or the State Office Building (402 W. Washington St)

**NEWLY INSTALLED**. New installation or replacement.

**OCCUPANCY**. The condition of residing as an owner or tenant.

**OPENING**. An incorrect or unintentional hole interruption on a surface

**OPERABLE**. To function accordingly to manufacturer's intent.

**PRIVACY AREA**. A space that shall be closed off to all adjacent areas.

**REHABILITATION SPECIALIST**. City staff rehab inspector which verifies HOME funded projects comply with the Rehabilitation Standards. The Rehabilitation Specialist will also approve work specifications, construction budgets, construction bids, and approve work completed for HOME reimbursement claims.

**SCOPE OF WORK**. The range of construction activity to be accomplished. The Rehabilitation Standards sets the **minimum** scope of work to be accomplished for all City HOME funded projects.

**SHALL**. Mandatory.

## **SECTION 1: GROUNDS**

### **1-1 CONCRETE WORK**

Concrete and asphalt areas shall be free from tripping hazards.

### **1-2 DRAINAGE**

- A. There shall be positive surface water drainage away from all dwellings.
- B. The ground shall be sloped away from the foundation.
- C. In-ground drains shall be disconnected, capped off and the water directed to splashblocks.
- D. Downspouts shall be directed to splashblocks.

*It is recommended that the lot on which the dwelling is located have sufficient ground cover to prevent soil erosion.*

### **1-3 TREES AND SHRUBS**

The following conditions shall constitute grounds for tree trimming and/or removal:

- A. Landscaping shall not create a foundation, roof, safety, or health hazard.
- B. Branches hanging over the roof and causing excessive wear.
- C. Trees near the foundation causing an immediate or potential drainage and/or structural problem.
- D. Excessive bushes and tree combinations (overgrown areas) causing possible health hazards.
- E. Dead branches and/or trees that pose a hazard of falling and causing personal harm or property damage.

### **1-4 FENCES**

- A. Fences shall be maintained in good repair or shall be removed.
- B. Wood materials shall be protected against decay by use of a non-lead-based paint or other preservative material.

*Decay-and insect-resistant woods such as cedar, heartwood of redwood, black locust, and pressure treated material shall be exempt from mandatory treatment.*

### **1-5 INGROUND CISTERNS**

In-ground cisterns shall be properly filled with non-organic material and capped to prevent an unsafe condition.

### **1-6 RETAINING WALLS**

- A. Retaining walls shall be structurally sound and in good repair.
- B. Missing or loose building material shall be properly reset.
- C. Retaining walls of masonry construction shall be free of empty, cracked or loose mortar joints.
- D. Retaining walls shall be capped if appropriate.
- E. New retaining walls of wood shall be constructed of decay resistant materials.
- F. Retaining walls requiring maintenance or new retaining walls shall have weep holes.

## **SECTION 2: ACCESSORY BUILDINGS**

### **2-1 ACCESSORY BUILDINGS**

- A. Accessory buildings shall be structurally sound and in good repair or be removed.
- B. Accessory buildings shall have a sound, non-leaking roof.
- C. Substandard electrical systems shall be corrected or service shall be disconnected to those structures.
- D. Broken window glass shall be replaced.
- E. The exterior of such structures shall be made weather resistant through the use of decay-resistant materials, non-lead-based paint or other preservatives.
- F. Flaking or peeling paint shall be corrected.
- G. Enclosed buildings shall be free from insects, vermin, and rodents.

*It is recommended that defects in structural and mechanical systems not mentioned above but covered in other sections of these standards be corrected. (Example: roof support system).*

## **SECTION 3: EXTERIOR OF DWELLING STRUCTURE**

### **3-1 DWELLINGS**

- A. The dwelling shall protect the occupants from the environment and no portion of the structural system shall pose any threat to their health or safety.
- B. All concrete block, poured concrete, brick, piers, and pilings shall be structurally sound. All empty or cracked mortar joints shall be tuck pointed to match the existing mortar joints.

### **3-2 EXTERIOR OPENINGS**

All openings one-quarter inch in diameter or greater in the exterior walls, foundations, basements, ground and first floors, and roofs shall be sealed in an approved manner.

### **3-3 WALL STRUCTURES AND EXTERIOR SURFACES**

- A. The wall structure and exterior surface shall have no serious defects such as leaning, buckling, sagging, cracked or deteriorated siding, loose siding, openings of one-quarter inch or greater, peeling, flaking, loose paint, or other serious damage.
- B. Surfaces shall be protected against the elements.

### **3-4 ROOFS**

- A. The roof shall be structurally sound, and the roof framing members shall be free from deterioration. Sagging shall be addressed by replacement or installation of an approved support system and corrected as possible.
- B. Roof sheathing shall be free from sagging or buckling. All damaged, deteriorating, or missing sheathing shall be replaced.
- C. A leaking or well-worn roof, or section thereof, shall be replaced.
- D. The components of the gable ends, overhangs, and soffits shall be free from deterioration, and sag. The surfaces shall not have peeling, flaking, or loose paint and shall be protected against the elements. Sagging fly rafters shall be replaced and/or re-supported with bracing.

### **3-5 CHIMNEYS**

- A. Chimneys shall be in good repair.
- B. Operable chimneys shall be of such height to produce adequate draft.
- C. All empty or cracked mortar joints, including those in interior areas such as basements and attics, shall be tuck pointed in an acceptable manner, and chimneys shall have a mortar cap.
- D. Solid fuel-burning chimneys (for burning of wood or coal) shall be provided with spark arrestors (screens).

*It is recommended that all chimneys have flue liners and chimney covers.*

### **3-6 GUTTERS**

- A. Existing gutter boards and guttering systems shall be in good repair and protected from corrosion. Gutters shall be securely attached, have positive drainage to the downspouts, and be properly connected to the downspouts.
- B. Whenever a gutter system is installed, it shall be applied to painted, metal or vinyl clad gutter boards.

### **3-7 PORCHES AND STAIRS**

- A. The ceiling coverings shall be secure and not sagging. Ceiling coverings shall be free from deterioration, peeling and flaking paint, and shall be protected by paint or other appropriate coating.
- B. The floor, steps, and landings shall be in a condition that does not pose a danger of falling or trip hazard.
- C. Deteriorated, missing or otherwise defective wooden decking, steps, or supporting structure thereof shall be repaired or replaced. All wood shall be protected against the elements.

Crumbling steps, collapsing, or severely cracked concrete stoops and slabs shall be repaired or replaced.

1. Newly installed elevated slabs shall have pea gravel or sand ballast base.
2. All replacement steps shall have uniform treads and risers. The riser height shall not be greater than eight and one-quarter inches. The tread depth shall not be less than nine inches.
3. Columns, railing systems, or wing walls shall be in good repair and protected against the elements.

*Decay-and insect-resistant woods such as cedar, heartwood of redwood, black locust, and pressure treated material shall be exempt from mandatory treatment.*

### **3-8 HANDRAILS AND GUARDRAILS**

- A. Existing handrails and guardrails shall be securely fastened.
- B. Handrails shall be required on any existing stairs and staircases of 3 or more risers.
- C. Guardrails shall be required on porches, balconies, stairs/staircases or raised floor surfaces located more than 30 inches above the floor or grade below.

*It is recommended that existing handrails and guardrails 30" or greater above the floor or grade immediately below have intermediate rails or ornamental closures no more than 4" apart.*

### **3-9 WINDOWS**

- A. Any deteriorated components of window units shall be repaired or replaced. All units shall have properly operating locks and hardware.
- B. Broken or cracked glass shall be replaced.
- C. Cracked, deteriorated, or missing glazing compound shall be replaced and painted.
- D. Window units shall be caulked as required to prevent air infiltration.
- E. Window units shall not have peeling or flaking paint. Wood and steel components shall be protected against the weather.

### **3-10 DOORS**

- A. Door units shall be properly installed and have operating latching/locking hardware.
- B. Door units shall be weather-stripped to prevent air infiltration.
- C. Lights shall be properly glazed and free of cracks and breaks.
- D. Surfaces of doors shall be sealed against the elements.
- E. Door units shall be free of peeling and flaking paint.
- F. Replacement door units shall be exterior quality.
- G. Doors shall have a finished coat or seal.

## **SECTION 4: HABITABLE AREAS OF DWELLING STRUCTURE**

### **4-1 WALLS**

- A. Walls shall be in good repair and free from serious visible structural defects.
- B. Walls shall have a finished surface.
- C. Walls shall have coverings that are securely fastened and free from serious defects.
- D. Cracks greater than one thirty-second inch in width shall be repaired.
- E. Shower compartment walls shall be finished with a smooth, hard, non-absorbent surface to a height not less than six feet above the floor of the shower.
- F. Peeling and flaking paint and loose wallpaper shall be repaired. Any wall repairs shall be properly prepared and painted.
- G. When walls in a given area require painting, the remaining walls in that area shall also be painted.
- H. Semi-gloss / Satin enamel paint or non-absorbent surfaces shall be used as a finish coat on toilet and bathroom walls.

*It is recommended that all cracks and holes be patched.*

### **4-2 CEILINGS**

- A. Ceiling framing shall be in good repair and free from serious visible structural defects.
- B. Ceilings shall have coverings that are securely fastened to joints and free from any serious defects.
- C. Cracks greater than one thirty-second inch in width shall be repaired.
- D. Peeling or flaking paint and loose wallpaper shall be scraped or removed.
- E. Ceilings shall have a finished surface.
- F. Acoustical tile and suspended ceilings shall be in good repair.

*It is recommended that all cracks and holes be patched.*

### **4-3 FLOORS**

- A. Floors shall be in good repair and free from serious visible structural defects and trip hazards.
- B. Floor coverings shall be securely fastened and free from serious defects.
- C. Unfinished wood floors shall be sealed or carpeted.
- D. Every toilet and bathroom floor surface shall be impervious to water resistant.

### **4-4 DOORS**

- A. There shall be a door at the entrance to the following areas: attic areas where there is a staircase, toilet and bathrooms, shower rooms, basements, and bedrooms.
- B. Doors shall operate freely and be properly installed.
- C. Doors that latch or lock shall have proper operating hardware.
- D. Doors shall be free of flaking or peeling paint.
- E. Surfaces of the door units shall have a finished coating.



#### **4-5 TRIM**

- A. All trim shall be secured and in good repair.
- B. Trim shall be free of flaking or peeling paint.
- C. Trim shall have a finished coat.

#### **4-6 FIREPLACES AND SOLID FUEL BURNING STOVES**

- A. All operable fireplace and solid fuel burning stoves shall be in good operating condition.
- B. Operational fireplaces shall have a damper or a screen/glass door unit.
- C. Inoperable fireplaces shall have the firebox closed off rendering them unusable.
- D. Inoperable wood burning stoves shall be removed.

#### **4-7 STAIRS**

- A. Staircases and stairwells shall be in good repair.
- B. Stairs shall not pose a tripping hazard.

#### **4-8 HANDRAILS AND GUARDRAILS**

- A. Existing handrails and guardrails shall be securely fastened.
- B. Handrails shall be required on any existing stairs and staircases of 3 or more risers.
- C. Guardrails shall be required on porches, balconies, stairs/staircases or raised floor surfaces located more than 30 inches above the floor or grade below.

*It is recommended that existing handrails and guardrails 30" or greater above the floor or grade immediately below have intermediate rails or ornamental closures no more than 4" apart.*

### **SECTION 5: FOOD PREPARATION AND STORAGE**

#### **5-1 STORAGE**

- A. Dwelling units shall have kitchen cabinets and/or shelves.
- B. Cabinets shall be of sound construction, and shall be capable of supporting 30 pounds per square foot.

#### **5-2 COUNTERS AND TABLES**

Every dwelling unit shall contain a kitchen counter for food preparation. Counters or tables for food preparation shall be of sound construction and furnished with surfaces which are easily cleaned and which will not impart any harmful effect to food.

## **SECTION 6: PLUMBING**

### **6-1 WATER SUPPLY**

- A. Dwelling unit shall be served by an approved water supply.
- B. Private water supply shall be free from contamination and shall be approved by the Health and Hospital Corporation of Marion County.
- C. Wells shall be covered by a pitless well adapter.

### **6-2 SEWAGE SYSTEMS**

- A. Dwelling units shall be served by an approved sanitary sewage disposal system.
- B. Sewer laterals shall be clean and free from all obstructions.

### **6-3 PLUMBING SYSTEM**

- A. Hot and cold water shall be supplied to all sinks, baths, and showers.
- B. The supply, drainage, waste, and venting systems shall be free from leaks, safely vented, and draining freely. System shall be free from serious visible defects.
- C. Any kitchen sink, lavatory sink, bathtub and/or shower or flush water closet shall be properly connected to an approved sewer system.
- D. There shall be a properly operating main shut-off valve on the house side of the meter.
- E. Dielectric couplings shall be used when two pipes of different metals are joined.

*It is recommended that when drains operate slowly, that all drain lines be routed.*

### **6-4 WATER HEATERS**

- A. Every dwelling unit shall have a water heater of sufficient capacity.
- B. A rigid relief valve discharge pipe approved for water distribution with a temperature rating of 210 degrees F. shall be run to within six inches of the floor and this pipe may be metallic (copper) or approved CPVC. The pipe end may not be threaded.

### **6-5 KITCHEN SINKS**

- A. Kitchens shall contain a kitchen sink in good repair.
- B. Any rusted sink shall be replaced or refinished.
- C. A garbage disposal shall be installed if at least one of the following apply:
  - 1. construction activity of a value in excess of \$2,000, for which a building permit is required, is accomplished on a kitchen; or
  - 2. construction activity of a value in excess of \$500, for which a building permit is required, is accomplished on the plumbing system of a kitchen; or
  - 3. a new kitchen is added to a dwelling unit.

*It is recommended that chipped or badly worn enamel be a basis for refinishing or replacing the sink.*

### **6-6 LAVATORY SINKS**

- A. Every dwelling unit shall contain a lavatory sink in good repair.
- B. A lavatory sink shall be located in the same room as a flush water closet, or if located in another room, it shall be in close proximity to the water closet compartment.
- C. To prevent back-flow contamination, water inlets for lavatory sinks shall be located above the overflow rim of these fixtures in replacement units.
- D. A rusted lavatory sink shall be replaced or refinished.

*It is recommended that chipped or badly worn enamel be a basis for refinishing or replacing the sink. 13*

**6-7 BATHTUBS AND SHOWERS**

- A. Dwelling units shall contain a privacy area with a bathtub and / or shower in good repair.
- B. To prevent back-flow contamination, water inlets for bathtubs shall be located above the overflow rim of these fixtures in replacement units.
- C. A rusted bathtub and/or shower unit shall be replaced or refinished.

*It is recommended that chipped or badly worn enamel be a basis for refinishing or replacing a bathtub.*

**6-8 FLUSH WATER CLOSETS**

- A. Flush water closets shall be in good repair.
- B. Rooms containing a flush water closet shall provide a privacy area.

**6-9 BATHROOM ACCESSORIES**

- A. Bathrooms shall be equipped with a towel rack and toilet paper dispenser.
- B. Every full bath shall have a mirror and a medicine cabinet for storage purposes.
- C. All accessories shall be securely attached and in good repair.

**SECTION 7: HEATING AND AIR CONDITIONING**

**7-1 HVAC SYSTEMS**

- A. Heating, ventilating, and air conditioning systems shall be in safe operating condition.
- B. Every dwelling shall have an effective heating system which is properly installed that is capable of safely and adequately heating all habitable rooms and bathrooms to a temperature of at least 70 degrees F. at a distance 36 inches above floor level with an outside temperature of 0 degrees F.
- C. Furnaces which are accessible from bedrooms or bathrooms shall be in a closed off area with proper ventilation in accordance with the manufacturer's requirements and with current Indiana building rules.
- D. There shall be easy access to the heating, ventilating, and air conditioning (HVAC) system for purposes of maintenance and repair. A minimum 30-inch by 30-inch square opening shall exist for this purpose.
- E. Vent pipes shall be free from visible rust, be secured with sheet metal screws, and have airtight connections at sections and the flue. The chimney flue shall be in good repair and safe operating condition, including the clean out.
- F. If more than one appliance is vented into the same flue, the flue shall be made to comply with current Indiana Building rules.
- G. Thermostats shall be replaced when found to be defective or when the heating unit is replaced.

*It is recommended that when a heating system is changed from gravity fed to a forced air system, the ductwork be altered or replaced in such a manner that the hot air outlets and registers are located near the outside wall.*

**7-2 VENTING**

- A. Existing appliances and heating devices shall be compliant with all applicable rules and manufacturer's instructions.
- B. When an existing chimney is used for venting purposes, a protective screen cap is required.

## **SECTION 8: VENTILATION**

### **8-1 DWELLINGS**

- A. Dwellings shall be properly ventilated.
- B. The dwelling unit shall be free from dangerous levels of air pollution from carbon monoxide, sewer gas, fuel gas, dust, and other harmful pollutants.
- C. Bathrooms shall have operable windows or exhaust fans.
- D. Attic areas shall be properly ventilated and vents shall be covered with screens to prevent the entry of insects.
- E. Crawl spaces shall be properly ventilated and have closing vents.
- F. Clothes dryers shall be properly vented to the outside of the dwelling and shall have a vent cap.

## **SECTION 9: ELECTRICAL**

### **9-1 GENERAL CONDITIONS**

- A. Areas of the dwelling unit shall have either natural or mechanical lighting as required in current Indiana building rules.
- B. Sufficient electrical sources shall be present to permit the use of electrical appliances.
- C. Over fusing shall be prohibited.
- D. Existing wiring and equipment shall be in proper operating condition. Circuit extensions made with flexible cord wiring in lieu of permanent wiring shall be eliminated.
- E. Wiring in areas other than the basement and unused attic areas shall be run in the wall, wire molding, or in conduit. All new wiring in basements shall be secured in compliance with current Indiana Electrical Code.
- F. All splices shall be placed in accessible, approved junction boxes.
- G. Junction boxes shall be accessible with a securely fastened cover plate.
- H. Exterior boxes shall comply with current Indiana Electrical Code.
- I. Electrical fixtures manufactured to have a cover shall have one.
- J. No fixture or socket may hang from a base by unsupported wiring.
- K. Broken switches, receptacles, fixtures and cover plates shall be replaced.
- L. Any occupant of a dwelling shall have immediate access to the electrical service controlling the electrical system in the unit.
- M. All 240-volt appliances or equipment except baseboard heating units shall be on separate circuits. Baseboard heating units shall be installed to manufacturer's specifications.
- N. Central air conditioners, refrigerators, stoves, washer/dryer, heating systems, and garbage disposals shall be on separate circuits.

### **9-2 SERVICE AND DROPS**

- A. Service shall be three-wire capacity, a minimum of 100-ampere or sized accordingly. Service equipment shall be properly covered.
- B. Service-drop conductors shall be connected, anchored, and comply with clearance standards specified in current Indiana Electric Code.

### **9-3 RECEPTACLES**

- A. Existing non-grounded receptacles may be replaced in kind.
- B. Receptacles shall be properly grounded and fused.
- C. Any equipment or appliances with grounded plugs shall have immediate access to a proper size grounded receptacle.
- D. Exterior receptacles shall be on a GFCI breaker or receptacle.
- E. Existing receptacles in a location that would require a GFCI receptacle for new construction shall be required to comply with current Indiana Electrical Code.

*This does not require a new receptacle to be installed in a location to comply with current Indiana Electrical Code.*

#### **9-4 AREA REQUIREMENTS**

- A. Wall switches shall be located for convenient and readily accessible use.
- B. The following areas shall contain a lighting fixture controlled by a wall switch:
  - 1. Exterior of all entrances and exits of a dwelling.
  - 2. Kitchen (A separate kitchen appliance circuit shall be provided, supplying a minimum of two 20-ampere grounded duplex receptacles.)
  - 3. Bathroom
  - 4. Living rooms
  - 5. Bedrooms: There shall be a minimum of one duplex receptacle in addition to the lighting fixture.
  - 6. Hallways
  - 7. Laundry areas
  - 8. Basements: The basement shall be wired for a minimum of one light fixture per basement room, with a maximum coverage of 200 sq. ft. coverage per light fixture. (Mounted pull chain fixtures are acceptable in basements).
  - 9. Stairwells: All stairwells between finished portions of a dwelling shall be provided with multiple switch controls, one at the head and the other at the foot of the stairwell.

#### **9-5 HEATING SYSTEM**

- A. Heating equipment requiring electrical energy for operation and/or control shall be provided with an individual circuit.
- B. A disconnect switch shall be provided on or within sight of the heating equipment.
- C. When a disconnect switch is located on the furnace, it shall be fused.

### **SECTION 10: ENERGY CONSERVATION**

#### **10-1 INSULATION**

- A. Insulation shall meet manufacturer's specifications and shall not create unsafe conditions with existing electrical systems.
- B. Any exterior walls exposed during rehabilitation shall be insulated to a minimum of R-11.
- C. Attic areas shall be insulated to at least R-30 with an approved insulation material.
  - 1. Cellulose bags shall be labeled with acceptable ratings from flame spread tests.
  - 2. Soffit vents shall be protected from being covered by blown-in insulation.
  - 3. Any occupied attic area rooms shall have at least the walls between the room and attic areas as well as flat ceiling areas insulated. Wall insulation shall be at least R-11 and flat ceilings R-30.
- D. Heating ductwork and water pipes in unconditioned spaces shall be insulated. Pipe insulation shall be R-2 or greater, and duct insulation shall be R-4 or greater in unconditioned spaces such as crawlspaces and non-habitable attic areas. Duct seams shall be tightly sealed to reduce air leakage.

*It is recommended that the following insulation activities be carried out:*

- 1. R-19 insulation between joists in unheated crawlspaces and unheated cellars.
- 2. Insulation jacket for water heaters located in unheated spaces.

## **10-2 EXTERIOR DOORS AND WINDOWS**

- A. Exterior doors shall be weather-stripped and have properly functioning storm doors.
- B. Newly installed storm door units shall be combination storm/screen units.
- C. Window openings shall have storm units.
- D. The frames of aluminum combination units shall be installed according to manufacturer specifications.

*Storm door units are not required where there are metal clad insulated doors with proper weather-stripping, existing or to be installed. Storm window units are not required for attic windows. Storm window units are not required where there are thermopane window units, existing or to be installed.*

## **SECTION 11: FIRE SAFETY**

### **11-1 EXITS**

- A. Dwelling units shall have at least one means of exit. Minimum size must be at least 6'6" high by 32" wide and side hinged.
- B. The required exit from a dwelling unit shall be unobstructed.
- C. Access to or exit from a dwelling unit shall not be through another dwelling unit.

### **11-2 SLEEPING ROOMS**

- A. Sleeping rooms shall have at least one operable window or exterior door for egress or rescue. The required units must be operable from the inside without keys or tools.
- B. All exit or rescue windows from sleeping rooms must have a minimum net clear opening of 4 ¾ square feet. No dimension shall be less than 24 inches in height and 18 inches in width and comply with Indiana Building Rules.

### **11-3 SMOKE DETECTORS**

Smoke detectors shall be installed in locations as specified in the Indiana One and Two Family Dwelling Code.

### **11-4 FUEL BURNING APPLIANCES**

- A. Fuel burning appliances located in accessory structures, attached garages, or other areas in the path of motorized vehicles shall be guarded against damage.
- B. Mechanical equipment located in accessory structures or attached garages and which generate a glow, spark, or flame capable of igniting flammable vapors shall be located with the pilots and burners or heating elements and switches at least 18 inches above the floor level.
- C. Where such appliances located within a garage or accessory structure are enclosed in a separate, approved compartment having access only from outside of the garage, such appliances may be installed at floor level, provided the required combustion air is taken from and discharged to the exterior of the garage.

## **SECTION 12: HAZARDOUS MATERIALS**

### **12-1 LEAD-BASED PAINT**

See Lead-Based paint policies.

### **12-2 ASBESTOS**

Dwelling shall be in compliance with all applicable local, State, and Federal regulations.

## **SECTION 13: PEST CONTROL**

### **13-1 INFESTATION**

A. Structures shall be free from termite, insect, vermin, and rodent infestation.

B. The property shall be inspected for termites. When there are indications of termites, it shall be the primary responsibility of the building owner to have a termite inspection by certified personnel and to obtain any needed treatment for the structure.

## Appendix “B”

### HOME Long Term Rental Compliance Supplement



# 2015 HOME Rental Long Term Compliance Supplement

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*Revised 5/2015*



Department of Metropolitan Development

**Indianapolis**

*Gregory A. Ballard, Mayor*

## ***MANAGING FOR ONGOING COMPLIANCE***

To maintain compliance with HOME rules, property owners will need to ensure that:

- The project is marketed to qualified applicants,
- Tenants are screened for eligibility,
- Rent and occupancy targets are observed, and
- Adequate property maintenance is conducted.

## **INCOME & RENT LIMITS**

Individuals served under this program, must meet and/or track and report on persons served by the income limits established by HUD on an annual basis. Rental assistance programs are also subject to the HOME Program and fair market rent guidelines established by HUD and the Utility Allowances provided by the Indianapolis Housing Agency. Refer to the following charts when considering the program requirements in proceeding sections.

### ***HOME INCOME LIMITS***

#### **2015 HUD Income Limits**

% of Median Income	Limit per Number of Persons in Household					
	1	2	3	4	5	6
<b>30%</b>	\$14,350	\$16,400	\$18,450	\$20,450	\$22,100	\$23,750
<b>50%</b>	\$23,850	\$27,250	\$30,650	\$34,050	\$36,800	\$39,500
<b>60%</b>	\$28,620	\$32,700	\$36,780	\$40,860	\$44,160	\$47,400
<b>80%</b>	\$38,150	\$43,600	\$49,050	\$54,500	\$58,900	\$63,250

Requirement:

Income Targeting: Tenant-based Rental Assistance and Rental Units - 24 CFR 92.216

- In their first year of HOME long term compliance, 90% of families living in HOME-assisted rental units or receiving rental assistance must be families whose annual incomes do not exceed 60% of the median family income.
- The remaining families must be households that qualify as low-income (80% of median family income).

Additional Rent Limitations - 24 CFR 92.252(b)

- In rental projects of 5 or more units, 20% of the HOME-assisted units must be occupied by very low-income families (50% of median family income).

### HOME Income Limit Exceptions

- The 1998 Housing Act authorized the Secretary to grant exceptions upon request to jurisdictions who are “capped” at the national median income, in order to raise their low income limits to 80% of the true median.
- Communities in specific MSAs have been notified that they have this option.
- The increased limits are not reflected in the HOME Income Limits issuance which is calculated by HUD’s Office of Policy Development and Research (PDR) and distributed by HUD’s Office of Affordable Housing Programs (OAHP). Over Income Tenants - Rental Housing - 24 CFR 92.252 (i)
- Tenants who no longer qualify as low-income families may continue to occupy HOME assisted units, provided they pay as rent the lesser amount payable under State or local law or 30% of the family’s adjusted income, except that tenants of HOME-assisted Low Income Housing Tax Credit (LIHTC) units must pay the rent governed by section 42 of the IRS code.

In projects with floating HOME units, over-income tenants are not required to pay more than the market rent for comparable unassisted units.

### ***HOME RENT LIMITS***

*2015 HOME Program Rents are typically released in June and are effective on the date they are made public.*

#### **Effective as of 5/01/2015**

<b>Number of Bedrooms</b>	<b>High HOME Rents</b>	<b>Low HOME Rents</b>	<b>Fair Market Rents</b>
0	\$516	\$516	\$516
1	\$637	\$637	\$637
2	\$792	\$792	\$792
3	\$1056	\$885	\$1056
4	\$1226	\$987	\$1232
5	\$1335	\$1090	\$1417
6	\$1443	\$1191	\$1602

Requirement:

Qualification as Affordable Housing: Rental Housing - 24 CFR 92.252

- In rental projects of 5 or more HOME-assisted units, 20% of the HOME-assisted units must be occupied by very-low income families whose rents do not the Low HOME Rent limit. Low HOME Rents may not exceed High HOME Rents for the unit size.
- HOME rents are not required to be lower than the HOME rent limits for the project in effect at the time of project commitment.
- Any increase in rents is subject to the provision of outstanding leases and tenants must be provided at least 30 days written notice prior to implementing any rent increase.

When combining HOME and LIHTC's, two sets of rent rules apply.

- Qualified tax credit units must not exceed tax credit rent limits, while HOME-assisted units must meet HOME rent requirements. If a unit is being counted under both programs, the stricter rent limit applies.
- Low HOME rent units are subject to the lower of the Low HOME rent and the tax credit rent (usually the Low HOME rent).

Federal or State Project-Based Assistance Combined with HOME Funds - 24 CFR 92.252(b)(2)

- The maximum rent (i.e. tenant contribution plus project-based subsidy) is the rent allowable under the federal or State project-based rental subsidy program provided:
  - The Home-assisted unit must be occupied by a very low income family.
  - The very low-income family must pay as a contribution towards rent not more than 30% of the family's adjusted income.

Single Room Occupancy (SRO) and Group Housing Rents - CPD 94-01

SRO Housing

- If the unit has neither food preparation nor sanitary facilities, or only one, rents may not exceed 75% of the FMR for a 0 bedroom (BR) unit (the "lesser of" standard does not apply).
- If the unit has both food preparation and sanitary facilities, "High HOME Rents" and "Low HOME Rents" for a 0 BR unit apply

Group Housing

- Rents are based on the Fair Market Rent (FMR) for the unit size (number of bedrooms).

Section 8 Rents for HOME-assisted Units - PIH 96-63

- PIH 96-63 provides guidance on determining Section 8 rents for units in HOME-assisted projects; however, rents for HOME-assisted units can not exceed the maximum HOME rent for that unit.

Over Income Tenant Rents - Rental Housing - 24 CFR 92.252 (i)

- Over-income tenants must pay as rent the lesser amount payable under State or local law or 30% of the family's adjusted income, except that tenants of HOME-assisted Low Income Housing Tax Credit (LIHTC) units must pay the rent governed by section 42 of the IRS code.
- In projects with floating HOME units, over-income tenants are not required to pay more than the market rent for comparable unassisted units.

Updates regarding rent and income limits are posted annually on HUD's website at <http://www.hud.gov/offices/cpd/affordablehousing/library/index.cfm>. Please check for updated rental and income listings during the 1<sup>st</sup> quarter of 2015 and 2016.

## ***ANNUAL RECERTIFICATION OF INCOME***

- Because the HOME Program imposes occupancy restrictions over the length of the affordability period, owners must establish systems to recertify tenant income on an annual basis.
- Recertification's are due reported to the City annually by March 31<sup>st</sup>. Each year the Long Term Compliance Manager will notify property managers of the upcoming deadline and supply property managers with the recertification workbook that is to be completed and returned to the City by the established due date.

Failure to comply with the annual recertification process may result in monitoring findings. Findings that are unresolved may result in financial penalties, property liens, and suggested termination of property management staff to property owners.

## ***ON-SITE MONITORING VISITS AND INSPECTIONS***

In order to verify compliance with property standards and the information submitted by property managers on tenants' incomes, rents and other HOME rental requirements during a project's period of affordability, HOME rules require on-site inspections of HOME properties once every three years. Upon initial lease up, projects will be assigned their inspection and monitoring rotation schedule.

- CED staff will complete both an on-site property inspection of a random selection of HOME designated units, as well as an on-site review of tenant files. The property owner will receive notice 30 days prior to the inspection date.
- CED will inspect a random sample HOME tenant files as well as occupied and unoccupied HOME-assisted units. The number of units and files subject to inspection shall be no less than 15% of the total number of HOME assisted units in the development.

After the on-site inspection of the property and records, a monitoring/inspection review letter will be sent to the owner. If any deficiencies are discovered, the owner will be given an opportunity to rectify the problem.

- If after that time, the deficiencies are not sufficiently rectified, the owner or project sponsor will be considered in default of the HOME Agreement. This will make all notes due and payable and all grants will need to be repaid in full. In addition, applications for future HOME funds will not be considered. If a third inspection is needed, the property owner may be charged an inspection fee.

Projects will be inspected and monitored during their last year of the period of affordability.

## ***HOUSING QUALITY STANDARDS GENERAL REQUIREMENTS***

On the determined frequency cycle, it is the responsibility of the City Staff to schedule and conduct inspections of units to determine compliance with Housing Quality Standards (HQS). HQS consists of the following thirteen (13) performance requirements:

- Sanitary facilities
- Food preparation and refuse disposal
- Space and security
- Thermal environment
- Illumination and electricity
- Structure and materials
- Interior air quality
- Water supply
- Lead-based paint
- Access
- Site and neighborhood
- Sanitary condition
- Smoke Detectors

Each of the 13 HQS performance requirements and acceptability criteria is identified in the attached HQS Addendum. Not less than 15% of the total amount of designated HOME units will be subject to inspection, occupied or not occupied.

## ***AFFIRMATIVE MARKETING PROCEEDURES FOR HOME PROGRAM***

When HOME funds are provided for rental projects containing five or more HOME-assisted units, affirmative marketing procedures must be followed.

Affirmative marketing seeks to provide information and then attract eligible persons to available housing without regard to race, color, national origin, sex, religion, familial status or disability. The following procedures are ways to meet the goals of affirmative marketing, as well as meeting the federal regulations required by the HOME Program.

- Housing developers and providers must inform the public, potential purchasers and tenants about fair housing laws. **Mandatory ways to meet this requirement are as follows:**
  - All advertisements, notices and written communications regarding the HOME-assisted units must contain the Equal Housing Opportunity logo or slogan; and
  - Clearly display a fair housing poster in a public place within your office.
- A description of what is being done to affirmatively market HOME-assisted housing will be due to the Division of Community Economic Development for each HOME contract that falls within affirmative marketing threshold. This description should include the

efforts being made to reach the population that you have determined is least likely to apply for your housing. That description will be considered part of the completion documents releasing the final retainer for each project.

- All HOME contract recipients (Project Sponsors) completing projects that fall within the Affirmative Marketing threshold are required to keep files that document their efforts in (1) identifying market least likely to apply for housing and (2) your marketing efforts to reach this segment of the population. **Those files should include:**
  - Listing of how you determined the segment of the population least likely to apply for the housing.
  - Copies of all advertisements, notices and written communications regarding all properties that fall into the Affirmative Marketing threshold.
  - Documentation illustrating how information was disseminated, for example, mailing lists, organizations and addresses where notices were posted, etc.
  - Records of applicants relative to race, sex, age, familial status and the manner in which they learned of the unit availability.
- In accordance with the Project Agreement, the project sponsor is contractually obligated to follow and comply with all of these procedures. Failure to comply will be considered an Event of Default. The Project Sponsor will be given 30 days to come into compliance. If after that 30-day period, the Project Sponsor continues to be out of compliance with the Affirmative Marketing Procedures, the grant will become immediately due and payable. The Division of Community Economic Development will monitor for compliance with these Affirmative Marketing procedures. The division will specifically check for compliance with Procedures One, Two, and Three listed here during on-site visits.

## ***LEASES***

The lease between the owner and the tenant in a HOME assisted property must be for at least one year, unless by mutual agreement between the tenant and the owner.

The lease between the owner and tenant in a HOME-assisted property **can not** contain any of the following provisions:

- **Agreement to be sued:** Agreement by the tenant to be sued, to admit guilt, or to a judgment in favor of the owner in a lawsuit brought in connection with the lease.
- **Treatment of property:** Agreement by the tenant that the owner may seize or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. This provision does not apply to disposition of personal property left by a tenant who has vacated a property.

- **Excusing owner from responsibility:** Agreement by the tenant not to hold the owner or the owner's agents legally responsible for any action or failure to act, whether intentional or negligent. Examples include the following: *Risk of Loss. Lessor shall not be liable for any loss by reason of damage, theft, or otherwise the contents, belongings, and personal effects of the Lessee, or the Lessee's family, agents, employees, or visitors located in or about the Premises, or for damage or injury to the Lessee or Lessee's family, agents, employees, guests, or visitors. Lessor shall not be liable if such damage, theft, or loss is caused by Lessee, Lessee's family, agents, employees, guests, or visitors. Nothing contained in this provision shall relieve Lessor of Lessee from responsibility for loss, damage, or injury caused by their own negligence or willful conduct.*
- **Waiver of notice:** Agreement of the tenant that the owner may institute a lawsuit without notice to the tenant.
- **Waiver of legal proceedings:** Agreement of the tenant that the owner may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties.
- **Waiver of a jury trial:** Agreement by the tenant to waive any right to a trial by jury.
- **Waiver of right to appeal court decision:** Agreement by the tenant to waive the tenant's right to appeal or to otherwise challenge in court a court decision in connection with the lease.
- **Tenant chargeable with cost of legal actions regardless of outcome:** Agreement by the tenant to pay attorney's fees or other legal costs, even if the tenant wins in a court proceeding by the owner against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.

Owners may consider adding language in the lease agreement related to drugs or firearms. An example includes the following: *To assure that Lessee, any member of the household, a guest, or another person under the Lessee's control, shall not engage in: (a) any criminal activity that threatens the health, safety, or right to peaceful enjoyment of premises by other residents, neighbors, or employees or agents Lessor; or (b) any drug-related criminal activity on or off such premises. Any criminal activity in violation of the preceding sentence shall be cause for termination of tenancy, and for eviction from the unit. (For the purposes of this lease, the term drug-related criminal activity means the illegal possession, manufacture, sale, distribution, use or possession with intent to manufacture, sell, distribute, or use, of a controlled substance as defined in (insert references to state, local, or federal laws)).*

Owners may terminate tenancy or refuse to renew a lease only upon 30 days' written notice, and only for: serious or repeated violation of the terms and conditions of the lease; violation of



applicable federal, state or local law; completion of the tenancy period for transitional housing or for other good cause. **Documentation must be kept with all notifications and written warning issue to tenants, if any.**

Appendix “C”  
HOME Program Housing Quality Standards (HQS)

# HOME Program Housing Quality Standards (HQS)

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*Revised 1/1/2012*



Department of Metropolitan Development

**Indianapolis**

*Gregory A. Ballard, Mayor*

## ***HOUSING QUALITY STANDARDS ADDENDUM***

HQS regulations provide performance requirements and acceptability criteria to meet each performance requirement. HQS includes requirements for all housing types, including single and multi-family dwelling units, as well as specific requirements for special housing types such as manufactured homes, congregate housing, single room occupancy (SROs), shared housing and group residences.

### **Sanitary Facilities**

#### *Performance Requirement*

- The dwelling unit must include sanitary facilities within the unit.
- The sanitary facilities must be in proper operating condition and adequate for personal cleanliness and disposal of human waste.
- The sanitary facilities must be usable in privacy.

#### *Acceptability Criteria*

- The bathroom must be located in a separate room and have a flush toilet in proper operating condition.
- The unit must have a fixed basin (lavatory) with a sink trap and hot and cold running water in proper operating condition.
- The unit must have a shower or tub with hot and cold running water in proper operating condition.
- The facilities must utilize an approved public or private disposal system, including a locally approved septic system.

The bathroom must be contained within the dwelling unit, afford privacy (usually meaning a door, although no lock is required), and be for the exclusive use of the occupants.

All public or private waste disposal systems servicing the unit or facilities must be either state or local agency approved.

The tub/shower, toilet, and basin/lavatory must have a proper sewer trap, drain, and vents to prevent the escape of sewer gases or severe leakage of water. Drains must not be clogged and the toilet must flush.

Hot and cold water must be available at the tub, shower, and lavatory taps. The definition of hot water (temperature) required at the lavatory, tub, or shower should be determined from local health standards or applicable local code.

The City inspection staff will determine if the bathroom facilities are free of hazards which may endanger the occupants, such as damaged or broken fixtures and plumbing leaks.

## **Food Preparation and Refuse Disposal**

### *Performance Requirement*

- The dwelling unit must have suitable space and equipment to store, prepare, and serve food in a sanitary manner.

### *Acceptability Criteria*

- The dwelling unit must have an oven and a stove or range. A microwave oven may be substituted for a tenant-supplied oven and stove or range. A microwave may be substituted for an owner-supplied oven and stove or range if the tenant agrees and microwave ovens are furnished to both subsidized and unsubsidized tenants in the same building or premises.
- The dwelling unit must have a refrigerator of appropriate size for the family.  
Chapter 10: Housing Quality Standards
- All required equipment must be in proper operating condition. According to the lease, equipment may be supplied by either the owner or the family.
- The dwelling unit must have a kitchen sink in proper operating condition, with a sink trap and hot and cold running water. The sink must drain into an approved public or private system.
- The dwelling unit must have space for storage, preparation, and serving of food.
- Facilities and services for the sanitary disposal of food waste and refuse, including temporary storage facilities where necessary, are required.

Hot plates are not acceptable substitutes for stoves or ranges. The oven must heat and all burners on the stove or range must work. All stove or range knobs must be present.

The stove or range must be free of hazardous gas hook-ups, gas leaks, or electrical hazards.

The refrigerator must be of adequate size for the family and capable of maintaining a temperature low enough to keep food from spoiling. City inspection staff may reject the size of the refrigerator only if it clearly cannot serve the needs of the family. For example, a counter-top or compact type would not meet the needs of a family of four. The freezer space must be present and working, and the equipment must present an electrical hazard.

The sink must have hot and cold running water from the faucets and a proper working sink drain

with gas trap. It must also be hooked to an approved water and sewer system. The definition of hot water should be determined by the local health department or applicable local code.

Space for storage, preparation, and serving of food must be present. Built-in space, equipment, table(s), or portable storage facilities are acceptable.

Waste and refuse storage facilities are determined by local practice and may include trash cans or dumpster facilities.

Other room standards apply to the food preparation area and are discussed under those specific requirements below.

## **Space and Security**

### *Performance Requirement*

- The dwelling unit must provide adequate space and security for the family.

### *Acceptability Criteria*

- At a minimum, the dwelling unit must have a living room, a kitchen and a bathroom.
- The dwelling unit must have a least one bedroom or living/sleeping room for every two persons. Other than very young children, children of opposite sex, may not be required to occupy the same bedroom or living/sleeping room.
- Dwelling unit windows that are accessible from the outside must be lockable.
- Exterior doors to the unit must be lockable. A living room may be used as sleeping (bedroom) space, but no more than two persons may occupy the space.

Unit windows located on the first floor, at the basement level, on a fire escape, porch, or other outside space that can be reached from the ground and that are designed to be opened must have a locking device. (Windows with sills less than six feet off the ground are considered accessible.)

Traditional window locks, those provided by storm/screen combination windows, window pins, and nails are acceptable. Windows leading to a fire escape or required to meet ventilation requirements may not be permanently nailed shut.

Doors leading to the outside and common hallways, fire escapes, and porches or otherwise accessible from the ground must have locks. No specific type of lock is required. Window and door surfaces (including the door frame) must be in sufficient condition to support the installation and proper operation of window and door locks.

## **Thermal Environment**

### *Performance Requirement*

- The dwelling unit must be able to provide a thermal environment that is healthy for the human body.

### *Acceptability Criteria*

- There must be a safe system for heating the dwelling unit, such as electric baseboard, radiator, or forced air systems. In order to ensure a healthy living environment appropriate for the climate the system must be able to provide adequate heat either directly or indirectly to each room.
- If present, the air conditioning system or evaporative cooler, must safely provide adequate cooling to each room.
- The heating and/or air conditioning system must be in proper operating condition.
- The dwelling unit must not contain unvented room heaters that burn gas, oil, or kerosene. Electric heaters are acceptable.

Adequate heat is required in all rooms used for living; the heat source does not have to be located in each room as long as the heat can pass to the appropriate space and meet the definition of adequate. Portable electric room heaters or kitchen stoves with built-in heating units are not acceptable as a primary source of heat for units located in climatic areas where permanent heat systems are required.

Improper operating conditions, including all conditions that may be unsafe, such as broken or damaged source vents, flues, exhausts, gas or oil lines that create a potential fire hazard or threats to health and safety are not permitted. Heating unit safety devices must be present, and the heating equipment must have proper clearance from combustible materials and location of oil storage tanks. There must be proper gas and oil connections. Local plumbing, fire, or mechanical codes are instructive in providing details about acceptable materials for furnace and water heater hookups and required clearances appropriate to the jurisdiction where units are located

Heating system inspections are often required by local or state authorities especially for large multi-family buildings. If the heating system has passed inspection from the inspecting authority within the past two years, City inspection staff may accept this as proof of heating equipment safety.

Working cooling equipment refers to a central ventilation system, evaporative cooling system, room or central air conditioning. These systems are not required by HQS, but if present, must be

operating safely so as not to create a potential fire hazard or other threat to health and safety.

## **Illumination and Electricity**

- Each room must have adequate natural or artificial illumination to permit normal indoor activities and to support the health and safety of occupants.
- The dwelling unit must have sufficient electrical sources so occupants can use essential electrical appliances.
- Electrical fixtures and wiring must not pose a fire hazard. Acceptability Criteria
- There must be at least one window in both the living room and each sleeping room.
- The kitchen area and the bathroom must have a permanent ceiling or wall-mounted fixture in proper operating condition.
- The kitchen must have at least one electrical outlet in proper operating condition.
- The living room and each sleeping space must have at least two electrical outlets in proper operating condition. Permanent overhead or wall-mounted light fixtures may count as one of the required electrical outlets.

City inspection staff must be satisfied that the electrical system is free of hazardous conditions, including:

- exposed, un-insulated, or frayed wires, improper connections, improper insulation or grounding of any component of the system, overloading of capacity, or wires lying in or located near standing water or other unsafe places.

Outlets must be properly installed in the baseboard, wall, or floor. Hanging light fixtures or outlets from electric wiring, missing cover plates on switches and outlets, badly cracked outlets or cover plates, exposed fuse box connections and, overloaded circuits are unacceptable.

## **Structure and Materials**

### *Performance Requirement*

- The dwelling unit must be structurally sound.
- The structure must not present any threat to the health and safety of the occupants and must protect the occupants from the environment.



### *Acceptability Criteria*

- Ceilings, walls, and floors must not have any serious defects such as severe bulging or leaning, large holes, loose surface materials, severe buckling, missing parts, or other serious damage.
- The roof must be structurally sound and weather-proof.
- The foundation and exterior wall structure and surface must not have any serious defects such as serious leaning, buckling, sagging, large holes, or defects that may result in air infiltration or vermin infestation.
- The condition and equipment of interior and exterior stairs, halls, porches, and walkways must not present the danger of tripping and falling.
- Elevators must be working safely.

City inspection staff must examine each of the elements listed in the acceptability criteria to determine that each is structurally sound, will not collapse, and does not present a danger to residents through falling or missing parts, or tripping hazards.

City inspection staff must determine that the unit is free from water, excessive air, and vermin infiltration.

Handrails are required when four or more steps (risers) are present, and protective railings are required when porches, balconies, and stoops are thirty inches off the ground.

The elevator servicing the unit must be working. A current city or state inspection certificate suffices to determine working condition of the elevator.

Manufactured homes must have proper tie-down devices capable of surviving wind loads common to the area.

### **Interior Air Quality**

#### *Performance Requirement*

- The dwelling unit must be free of air pollutant levels that threaten the occupants' health.

#### *Acceptability Criteria*

- The dwelling unit must be free from dangerous air pollution levels from carbon monoxide, sewer gas, fuel gas, dust, and other harmful pollutants.
- There must be adequate air circulation in the dwelling unit.

- Bathroom areas must have one operable window or other adequate ventilation.
- Any sleeping room must have at least one window. If the window was designed to be opened, it must be in proper working order.

City inspection staff must be satisfied that air pollutants such as gas leaks, industrial outputs, and heavy traffic would not present a health hazard.

Air circulation should be checked to determine adequate ventilation. Air conditioning (A/C) provides adequate circulation as do ceiling and vent fans.

The windows must adequately protect the unit's interior from the weather. Windows designed to open must not be painted or nailed shut. The ventilating bathroom fan in the bathroom must operate as intended.

## **Water Supply**

### *Performance Requirement*

- The water supply must be free of contamination.

### *Acceptability Criteria*

- The dwelling unit must be served by an approved public or private water supply that is sanitary and free from contamination.

City inspection staff should be satisfied that the water supply is approved by the State or local jurisdiction. Clean water must be distributed to all unit fixtures and waste water must leave the unit to an approved area without presence of sewer gas and backups.

Plumbing fixtures and pipes must be free of leaks and threats to health and safety.

Water-heating equipment must be installed safely and must not any present safety hazards to families.

All water heaters must be free of leaks, have temperature/pressure relief valves, and a discharge line. Unless safety dividers or shields are installed water heaters must not be located in bedrooms or living areas where safety hazards may exist. Fuel burning equipment must have proper clearance from combustible materials and be properly vented.

## **Lead-Based Paint**

- The Lead-Based Paint Poisoning Prevention Act as amended (42 U.S.C. 4821 - 4846) and the Residential Lead-Based Paint Hazard Reduction Act of 1992 and implementing regulations 24 CFR Part 35 Subparts A, B, M, and R apply to the housing choice voucher program.

### *Acceptability Criteria*

- The requirements apply to dwelling units built prior to 1978 that are occupied or can be occupied by families with children under six years of age, excluding zero bedroom dwellings.
- During initial and annual inspections of pre-1978 units that are occupied or will be occupied by families with children under 6 years of age, the inspector must conduct a visual assessment for deteriorated paint surfaces and the owner must stabilize deteriorated surfaces. Applicable areas include painted surfaces within the dwelling unit, exterior painted surfaces associated with the dwelling unit, and common areas of the building through which residents must pass to gain access to the unit and areas frequented by resident children under six years of age, including play areas and child care facilities.
- For units occupied by environmental intervention blood lead level (lead poisoned) children under six years of age, a risk assessment must be conducted (paid for by either the City or IHA), and the owner must complete hazard reduction activities if lead hazards are identified during the risk assessment.

## **Access**

- Use and maintenance of the unit must be possible without unauthorized use of other private properties.
- The building must provide an alternate means of exit in case of fire.

### *Acceptability Criteria*

- The unit must have private access.
- In case of fire, the building must contain an alternate means of exit such as fire stairs, or windows, including use of a ladder for windows above the second floor.

City inspection staff must determine that the unit has private access without unauthorized passage through another dwelling unit or private property. The emergency (alternate) exit from the building (not the unit) may consist of fire stairs, a second door, fire ladders, or exit through windows.

The emergency exit must not be blocked. It must be appropriate for the family and considered adequate by local officials. Guidance from the local fire agency is advisable.

## **Site and Neighborhood**

### *Performance Requirement*

- The site and neighborhood must be reasonably free from disturbing noises and reverberations or other dangers to the health, safety, and general welfare of the occupants.

### *Acceptability Criteria*

- The site and neighborhood may not be subject to serious adverse natural or manmade environmental conditions, such as dangerous walks or steps, instability, flooding, poor drainage, septic tank back-ups or sewer hazards, mudslides, abnormal air pollution, smoke or dust, excessive noise, vibration, or vehicular traffic, excessive accumulations of trash, vermin, or rodent infestation, or fire hazards.

City inspection staff determines whether any of the above conditions seriously and continually affect the health or safety of the residents. City inspectors can not restrict housing choice in deciding acceptability. Failing a unit because the neighborhood is considered “bad” is not appropriate. Staff is encouraged to take into account whether private unassisted residents are living in the same neighborhood.

## **Sanitary Condition**

### *Performance Requirement*

- The dwelling unit and its equipment must be in sanitary condition.

### *Acceptability Criteria*

- The dwelling unit and its equipment must be free of vermin and rodent infestation.

City inspection staff must ensure that the unit is free of rodents and heavy accumulations of trash, garbage, or other debris that may harbor vermin. Infestation by mice, roaches, or other vermin particular to the climate must also be considered. The unit must have adequate barriers to prevent infestation.

## **Smoke Detectors**

- On each level of the dwelling unit including basements, but excluding spaces and unfinished attics at least one battery-operated or hard-wired smoke detector in proper operating condition must be present.
- Smoke detectors must be installed in accordance with and meet the requirements of the National Fire Protection Association Standards (NFPA) 74 or its successor standards.
- If a hearing-impaired person is occupying the dwelling unit, the smoke detectors must have an alarm system designed for hearing-impaired persons as specified in NFPA 74.

#### *Acceptability Criteria*

- City inspection staff must insure that the location of smoke detectors conforms with local and/or State Fire Marshall's requirements.
- All smoke detectors must be in operating condition. Local codes, such as housing or fire codes, often address responsibilities between owners and tenants for installation and maintenance of smoke detector batteries.

At initial, inspection smoke detectors must have good batteries and be operable. City staff may follow local codes to determine if missing or dead smoke detector batteries constitute a tenant or owner-caused failure in occupied units.

#### **Complaint Inspections**

City staff must investigate complaints about HQS matters that are registered by tenants, owners or the general public. Violations resulting from complaint inspections are treated in the same manner as annual inspection violations. Failure to comply with violation notices issued from complaint inspections result in abatement of payment to owners and/or termination of program assistance for tenants.

Staff will schedule complaint inspections based upon the nature of the complaint. Staff that receive complaints should distinguish between emergency (life threatening) and routine matters and act accordingly.

Appendix “D”  
Multi-Family and Commercial Construction Standards

CITY OF INDIANAPOLIS DEPARTMENT OF METROPOLITAN DEVELOPMENT

# HOME Multi-Family and Commercial Construction Standards

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*Revised 3/1/2014*



Department of Metropolitan Development

**Indianapolis**

*Gregory A. Ballard, Mayor*

## **INTRODUCTION**

For all projects, The City of Indianapolis remains primarily responsible for ensuring compliance with federal requirements and meeting program goals. The purpose of its construction oversight is to:

- effectively monitor public funds
- verify adherence to City and Federal regulations
- ensure quality

Effective oversight by the City helps keep costs reasonable and helps reduce:

- Unnecessary change orders
- Code and other violations
- Contractor/owner disputes
- Delays in the payment process



## **Specifications, Plans and Budget**

**On all construction projects , City Rehabilitation Staff must review and approve all work specifications, plans, and the construction budget after the Environmental Review process is completed and before work may begin.**

- A. After the environmental review process is completed, Project Sponsors must submit work specifications, plans, and a construction budget attached to the Rehabilitation/Construction Approval (RCA) form, detailing the project's scope of work using the following guidelines:
  - 1. The specifications may be prepared using any industry accepted automated specification writing system in a commonly accepted format, e.g.; room by room, unit-in-place, by construction trade, etc.
  - 2. Specifications must be clearly written and prepared with sufficient detail to direct a contractor
  - 3. Specifications must use commonly accepted construction dimensions (i.e. square feet, linear feet, each, lump sum, etc.)
  - 4. Specifications must include a "construction budget" (the project's estimated cost) delineated on a line-item basis.
  - 5. Plans, architectural drawings, or blueprints, that are part of the specifications for the project must be submitted along with the Project or Specification Manual.
  - 6. Trade specifications/materials shall be itemized specifications. Each trade shall be a separate line item and price.
- B. After the specifications/plans/budget are prepared, the project sponsor must forward the RCA form and the construction documents to the City Rehabilitation Specialist for review and approval.
  - 1. For projects funded with CDBG dollars, the Rehabilitation Specialist will approve the specifications/plans/budget on the basis that the property will be brought into compliance with the applicable Indiana Building Code.
  - 2. For projects funded with HOME dollars, the Rehabilitation Specialist will approve the specifications/plans/budget on the basis that the property, in its entirety, will be brought into compliance with the applicable Indiana Building Code and the HOME Property Standards.
  - 3. The Rehabilitation Specialist may offer non-binding recommendations on the appearance of existing conditions that are not code-compliance property standard issues.

4. The Rehabilitation Specialist is not responsible for determining which construction method is to be used for a particular activity. To the extent that the specifications/plans call for acceptable construction methods, practices, and design, the exact construction solutions are the responsibility of the Project Sponsor.
5. Within fifteen business days of receiving the specifications/plans/budget the Rehabilitation Specialist will either approve them or request modifications and or addenda.
  - a. If modifications and/or addenda are requested, the Rehabilitation Specialist will contact the Project Sponsor.
  - b. Any modifications and/or addenda to the specifications/plans occurring after initial approval must be approved in writing by the Rehabilitation Specialist, though an addendum or change of work order, prior to undertaking the changes.
  - c. No construction contracts can be executed, or bids for materials or subcontractors solicited prior to the construction budget being approved by the Rehabilitation Specialist.
6. For HOME funded projects, the project sponsor must submit the RCA form with the construction documents. Upon approval of the specifications/plans/budget, the rehabilitation specialist will sign and date the RCA form and return it to the project sponsor for the organizations records.

**Specifications will then be considered final and ready for bid solicitation.**

## **Bidding Procedures**

**Project Sponsors must comply with the procurement standards to ensure that supplies, construction and other services acquired in whole or in part with federal funds are to be obtained in a manner that fosters open and free competition.**

- A. Projects Sponsors must solicit goods and services based on a clear and accurate description of the material, product, or service to be procured and cannot contain features which unduly restrict competition, such as:
  - Unreasonable qualifying requirements
  - Unnecessary experience or excessive bonding requirements
  - Specifying only brand name products, instead of allowing an “equal to” product
  - Non-competitive pricing practices between firms or affiliated companies
  - Non-competitive awards to consultants on retainer contracts
- B. Project Sponsors must solicit bids from an adequate number of qualified sources. All projects must have a minimum of **two bids**. All bids must be based on approved specifications, submitted in writing and signed by the contractor. If an adequate number

of bids are not received, Project Sponsors must document the efforts made to ensure an open competition (such as a public notice requesting bids). City staff may request solicitation of a third bid at its discretion.

- C. All bids received by the Project Sponsor shall be organized, collated, and reviewed for accuracy and thoroughness before submitted to the Rehabilitation Specialist for review and approval. All bids, those accepted as well as those rejected, shall be attached to the RCA form. Once the Rehabilitation Specialist has signed the form the procurement for the subcontractor is complete.
- D. The Project Sponsor must ensure that the award is:
- Made to contractors with the most responsible bid and able to perform successfully under the terms and conditions of the proposed contracts.
  - Made to contractors who are licensed, bonded and insured as well as E-verified, as required by City of Indianapolis and Code Enforcement.
  - Not made to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in federal assistance programs.
  - Not made to any contractor or persons that participated in the development of drafting of specifications, requirements, statements of work, invitations for bids and/or other requests for proposals.
  - Not made to a Construction Manager (CM), who does “self-performing work”. If the Project Sponsor contracts with a CM, then all phases of the work must be competitively bid, since the CM has not competitively bid as a General Contractor. In addition, all materials for the project that are not included in subcontractor bids but which are being purchased by the CM must also be competitively bid out.
  - Not made to a “third party” subcontractor unless required for a specialty construction component and approved by the Rehabilitation Specialist.
- E. No modifications and/or addenda can be made to a bid without prior approval of the City Rehabilitation Specialist. All bids and contracts shall be executed between the General Contractor or CM, and the subcontractors/suppliers. No other parties may bid out for any materials or labor.
- F. If a pre-qualified list of contractors is used, it must be developed through an open solicitation that allows entry of other firms as any time during the solicitation period. They must also include an adequate number of qualified sources.
- G. If bids are expected to exceed \$100,000, the Project Sponsor must publish a public notice in a local newspaper requesting bids and specifying where bid packages may be obtained with a due date for bid submission.

## **Building Permits/Inspections**

**The type of construction work shall determine the need for obtaining building permits.**

- Project Sponsors shall comply with all required City of Indianapolis - Office of Code Enforcement permit inspections.
- The General Contractor, or CM shall cause the subcontractors to contact the Inspection Services Section for these inspections.

## **Job Supervision**

1. All construction projects of \$500,000 or more shall have a full-time superintendent on the project or available during all working hours. The supervisor will be an employee of the general contractor or CM.
2. OSHA/Davis Bacon requirements must be clearly posted at the job site.

## **Construction Inspections**

**All City funded construction projects shall be inspected by the City Rehabilitation Specialist.**

- A. Rehabilitation Specialists will verify that work completed with City Funds is in compliance with the applicable Indiana Building Code, HOME Program Property Standards, local codes, standards, and ordinances; the manufacturers' specifications and industry standards and all contractual obligations including the approved specifications, plans, construction budget, project manuals and industry accepted workmanship practices.
- B. Inspections are required at the time of periodic payment requests and at the time of completion. City Rehabilitation Specialists must be contacted for these inspections. All work components must be completed and in place for those items for which payment is being requested. The Rehabilitation Specialist will submit written reports as to any deficiencies discovered upon inspection. City staff will inspect a project at any reasonable time throughout the rehabilitation/construction process.
- C. For periodic draw inspections (usually monthly), the architect, project manager, and/or job superintendent, project sponsor/owner, or owners rep will walk the project with the rehabilitation specialist and inspect for work completed for which payment is being requested.

## **Draw Requests**

**All draw requests will be documented using standard American Institute of Architects' (AIA) forms and be approved and executed by all project stakeholders.**

- A. Draw requests can be processed when the project sponsor/owner has executed a Project Agreement with the City and has received a Purchase Order Number. In addition, the Rehabilitation Specialist must have approved a construction budget. Only project soft costs may be applied for prior approval of the construction budget.
- B. The project sponsor/owner and General Contractor or CM, must forward to the architect all costs being applied for in the draw request. The architect will issue a request on the standard AIA G703 form along with the AIA G702 form cover sheet.
- C. The architect must sign the AIA G702 cover sheet, certifying the draw request. The project sponsor/owner or owners representative, General Contractor or CM, and the Rehabilitation Specialist must also sign the G702 form approving the draw. All draws shall include a retainage of 10% of the value of the completed work. HOME and CDBG program funds shall be paid out in the ratio of those funds to all other funds in the project.
- D. Draw requests seeking payment for materials stored, but not in place, must be inspected by the Rehabilitation Specialist. The materials must be securely stored and insured with proof of liability insurance and purchase invoices.
- E. Once the AIA Draw Request form has been signed by all parties, the architect shall receive one copy of the draw package, the project sponsor/owner or owner's rep shall receive two copies, the general contractor or CM shall receive one copy and the rehabilitation specialist shall receive one copy.
- F. The Project Sponsor/Owner shall forward one draw request package with invoices to the appropriate Grant Manager to request payment from the City. All draw request information must be attached to the city claim form. A Davis Bacon payment request form signed by the Federal Compliance Monitor must also accompany all draw requests where Davis Bacon compliance is required. If a project is not in compliance with the Davis-Bacon requirements, the draw request will not be approved for payment.
- G. The contingency funds shall not be listed as part of the budgeted amount of the AIA-G701 form. The contract sum (budget) shall be sited separately on the lines designated and the total of executed change orders shall be on the line provided. In addition, the five lines below "the contract is changed as follows" must be completed.

## **Change Orders and Contract Modifications**

**Any change to the original scope of work shall be documented through executed Change of Work Orders. New work activities not part of the original scope of work shall be documented through executed contract modifications.**

- A. Any change regarding the original Scope of Work, price, design, etc., cannot be changed, deleted or added to without prior approval of the architect, general contractor/CM, project sponsor/owner, or owners rep and the rehabilitation specialist. Any change will

be documented though a signed written change order by the aforementioned parties. Funds to pay for change orders must come out of the construction contingency fund. All parties will receive original copies of the executed change orders.

- B. Any new work required on a project that was not part of the original scope of work must have prior approval of the architect, general contractor/CM, project sponsor/owner, or owners rep and the rehabilitation specialist and must be documented though a signed Contract Modification by the aforementioned parties. Funds to pay for new work must come out of the Owners Contingency Fund. All parties will receive original copies of the executed Contract Modifications. The contingency fund shall not be a combined total of the contract amount.
- C. Discussions, listings and requests for change orders and contract modifications representing a status of the issues will be maintained by the architect in a Proposed Request Log, and be provided to the rehabilitation specialist during the rehabilitation/construction process.
- D. The rehabilitation specialist will attend the Owner/Contractor construction meetings on their scheduled dates during the construction period and be provided written meeting agendas.
- E. Change orders and contract modifications will have attached a copy of the applicable ASI and dollar amount from the subcontractor, on their letterhead, to the general contractor/CM. A change order/contract modification can only be executed to a subcontractor that is already under contract to the general contractor/CM. If an agreeable price cannot be reached from an existing contractor, then the work component must be competitively bid out. The best, most responsible bid will be accepted. The accepted bid and the bids rejected will be attached to the RCA from and submitted to the rehabilitation specialist for review and approval before work can be executed.
- F. The general contractor/CM will contract the architect and rehabilitation specialist to obtain verbal approval for an emergency change order by recording the date and time of the authorization allowing the work to be executed. Change order form execution will follow.

## **Project Completion**

**All projects must pass final inspection by the rehabilitation specialist in order to claim final payment on the project.**

- A. The rehabilitation specialist will conduct a final inspection of the project to verify the work performed has been completed and is compliance with all applicable codes, standards, manufacturers specifications, industry standards, acceptable workmanship practices and all contractual obligations of the parties involved.

- B. All punch list inspection discrepancies must have been corrected to the satisfaction of the rehabilitation specialist before final payment is processed.
- C. All permitted work must have the applicable crafts Completion cards submitted by the subcontractors to the Division of Compliance before final payment is processed.
- D. All Davis-Bacon projects must be in compliance with the provisions of the federal regulations before final payments are processed.
- E. All manufacturer warranties must be provided to the project sponsor/owner by the general contractor/CM before final payment is processed.
- F. Once the final inspection is complete, the project sponsor/owner is responsible for obtaining all appropriate signatures on the following forms, as applicable, which must be attached to the project claim form.
  - 1. [Certificate of Completion of Work Specifications](#)
  - 2. [Request for Final Payment](#)
  - 3. [Payment Request for Davis-Bacon projects](#)